China Fangda Group Co., Ltd.

2023 Annual Report

April 2024

2023 Annual Report

Chapter 1 Important Statement, Table of Contents and Definitions

The members of the Board and the Company guarantee that the announcement is free from any false information, misleading statement or material omission and are jointly and severally liable for the information's truthfulness, accuracy and integrity.

Mr. Xiong Jianming, the legal representative of the Company, Mr. Lin Kebin, the Chief Financial Officer, and Mr. Wu Bohua, the manager of accounting department declare: the Financial Report carried in this report is authentic and completed.

All the Directors have attended the meeting of the board meeting at which this report was examined.

Forward-looking statements involved in this report including future plans do not make any material promise to investors. Investors should pay attention to investment risks.

The company has described the existing market risks, management risks and production and operation risks in this report. Please refer to the risks that may be faced mentioned in"X. Prospects for the Company's Future Development" in III Management Discussion and Analysis.

The Board meeting reviewed and approved the profit distribution preplan: distributing cash dividend of RMB0.80 (tax included) for each ten shares to all shareholders on the basis of 1,073,874,227 shares of the Company and no

dividend share is issued to shareholders. No reserve is capitalized.

Contents

Reference

1. Financial statements stamped and signed by the legal representative, CFO and accounting manager;

2. Original copy of the Auditors' Report under the seal of the CPA and signed by and under the seal of certified accountants;

3. Originals of all documents and manuscripts of Public Notices of the Company disclosed in public.

Definitions

Terms	Refers to	Description
Fangda Group, company, the Company	Refers to	China Fangda Group Co., Ltd.
Articles of Association	Refers to	Articles of Association of China Fangda Group Co., Ltd.
Meeting of shareholders	Refers to	Meetings of shareholders of China Fangda Group Co., Ltd.
Board of Directors	Refers to	Board of Directors of China Fangda Group Co., Ltd.
Supervisory Committee	Refers to	Supervisory Committee of China Fangda Group Co., Ltd.
Banglin Technology	Refers to	Shenzhen Banglin Technologies Development Co., Ltd.
Shilihe Co.	Refers to	Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)
Shengjiu Co.	Refers to	Shengjiu Investment Ltd.
Fangda Jianke	Refers to	Shenzhen Fangda Jianke Group Co., Ltd.
Fangda Zhiyuan	Refers to	Fangda Zhichuang Technology Co., Ltd.
Fangda Jiangxi New Material	Refers to	Fangda New Materials (Jiangxi) Co., Ltd.
Fangda New Resource	Refers to	Shenzhen Fangda New Energy Co., Ltd.
Fangda Property	Refers to	Shenzhen Fangda Property Development Co., Ltd.
Fangda Chengdu Technology	Refers to	Chengda Fangda Construction Technology Co., Ltd.
Fangda Dongguan New Material	Refers to	Dongguan Fangda New Material Co., Ltd.
Kechuangyuan Software	Refers to	Shenzhen Qianhai Kechuangyuan Software Co., Ltd.
Fangda Property	Refers to	Shenzhen Fangda Property Management Co., Ltd.
Fangda Jiangxi Property	Refers to	Fangda (Jiangxi) Property Development Co., Ltd.
Fangda Hongjun Investment	Refers to	Shenzhen Hongjun Investment Co., Ltd.
Fangda Investment	Refers to	Shenzhen Fangda Investment Partnership (Limited Partnership)
Fangda Yunzhu	Refers to	Shenzhen Fangda Yunzhu Technology Co., Ltd.
Fangda Zhijian	Refers to	Shanghai Fangda Zhijian Technology Co., Ltd
SZSE	Refers to	Shenzhen Stock Exchange

Chapter II About the Company and Financial Highlights

I. Company profiles

Stock ID	Fangda Group, Fangda B	Stock code	000055, 200055
Modified stock ID (if any)	No		
Stock Exchange	Shenzhen Stock Exchange		
Chinese name	China Fangda Group Co., Ltd.		
Chinese abbreviation	Fangda Group		
English name (if any)	CHINA FANGDA GROUP CO.,LTD.		
English abbreviation (if any)	CFGC		
Legal representative	Xiong Jianming		
Registered address	Fangda Technology Building, Kejinan 12th Avenue, High-tech Zone, Hi-tech Park South Zone, Nanshan District, Shenzhen, PR China.		
Zip code	518057		
Changes in the Company's registered address	No		
Office address	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen		
Zip code	518055		
Website	http://www.fangda.com		
Email	fd@fangda.com		

II. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
Name	Xiao Yangjian	Guo Linchen
Address	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen
Telephone	86(755) 26788571 ext. 6622	86(755) 26788571 ext. 6622
Fax	86(755)26788353	86(755)26788353
Email	zqb@fangda.com	zqb@fangda.com

III. Information disclosure and inquiring

Website of the stock exchange where the company discloses its annual report	Shenzhen Stock Exchange http://www.szse.cn
Names and websites of the media where the Company discloses its annual report	China Securities Journal, Security Times, Shanghai Securities Daily, Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn
Place for information inquiry	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen

IV. Registration changes

Unified Social Credit Code	91440300192448589C
Changes in main businesses since the listing of the Company	None
Changes in the controlling shareholders (if any)	None

V. Other information

Public accountants employed by the Company

Public accountants	RSM Thornton (limited liability partnership)
Address	90122 to 90126, Foreign Trade Building, No.22, Fuchengmenwai Street, Xicheng District, Beijing, China
Signing accountant names	Zhou Junchao, Xu Yuxia, Hu Gaosheng

Sponsor engaged by the Company to perform continued supervision and guide during the reporting period

□ Applicable ☑ Inapplicable

Financial advisor engaged by the Company to perform continued supervision and guide during the reporting period

□ Applicable ☑ Inapplicable

VI. Financial Highlight

Whether the Company needs to make retroactive adjustment or restatement of financial data of previous years

□ Yes ☑ No

	2023	2022	Increase/decrease	2021
Turnover (yuan)	4,292,204,716.01	3,846,975,948.44	11.57%	3,557,724,397.54
Net profit attributable to shareholders of the listed company (yuan)	272,758,249.50	282,933,854.32	-3.60%	222,168,142.53
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (yuan)	272,138,072.87	270,965,220.96	0.43%	167,650,395.54
Net cash flow generated by business operation (yuan)	299,742,202.08	221,211,632.30	35.50%	-63,425,296.29
Basic earnings per share (yuan/share)	0.25	0.26	-3.85%	0.21
Diluted Earnings per share (yuan/share)	0.25	0.26	-3.85%	0.21
Weighted average net income/asset ratio	4.67%	5.03%	-0.36%	4.09%
	End of 2023	End of 2022	Increase/decrease from the end of last year	End of 2021
Total asset (yuan)	13,376,351,856.86	12,745,185,294.02	4.95%	12,261,338,518.66
Net profit attributable to the shareholders of the listed company (RMB)	5,960,140,567.07	5,749,940,874.92	3.66%	5,524,039,886.94

Note: The Company's operating income increased by 11.57% and net profit attributable to shareholders of the listed company decreased by 3.60% during the reporting period, which was mainly due to the decrease in net profit of commercial real estate business by RMB 37,018,800, and after deducting the impact of commercial real estate, the Company's operating income increased by 17.04% and net profit attributable to shareholders of the listed company increased by 13.65% during the reporting period.

The Company's net profit before and after non-recurring gains and losses was negative for the last three fiscal years, and the latest audit report showed uncertainty about the Company's ability to continue operating

□ Yes ☑ No

Net profit before and after deducting non-re current gains and losses is negative

□ Yes ☑ No

VII. Differences in accounting data under domestic and foreign accounting standards

1. Differences in net profits and assets in financial statements disclosed according to the international and Chinese account standards

□ Applicable ☑ Inapplicable

There is no difference in net profits and assets in financial statements disclosed according to the international and Chinese account standards during the report period.

2. Differences in net profits and assets in financial statements disclosed according to the overseas and Chinese account standards

□ Applicable ☑ Inapplicable

There is no difference in net profits and assets in financial statements disclosed according to the international and Chinese account standards during the report period.

VIII. Financial highlights by quarters

In RMB

	Q1	Q2	Q3	Q4
Turnover	815,219,822.90	1,263,627,054.42	1,137,526,186.81	1,075,831,651.88
Net profit attributable to the shareholders of the listed company	70,822,028.03	111,333,240.15	84,282,378.36	6,320,602.96
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss	68,478,134.64	104,006,202.11	83,317,333.85	16,336,402.27
Cash flow generated by business operations, net	-143,876,246.96	106,562,535.83	16,569,686.47	320,486,226.74

Note: The lower net profit of the Company in the fourth quarter as compared to the previous three quarters was mainly attributable to the decrease in revenue and gross profit due to settlement adjustments for the curtain wall system and rail transit screen door projects in the fourth quarter, as well as the loss arising from the fair value assessment of investment properties.

Where there is difference between the above-mentioned financial data or sum and related financial data in quarter report and interim report disclosed by the Company

□ Yes ☑ No

IX. Accidental gain/loss item and amount

☑ Applicable □ Inapplicable

In RMB

Item	2023	2022	2021	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	381,572.12	-1,421,880.09	-2,291,048.05	
Government grants recognized in the current period's profit or loss (except for government grants that are closely related to the Company's normal business operations, in line with national policies and in accordance with defined criteria, and have a continuous impact on the Company's profit or loss)	8,781,578.52	10,138,362.96	12,459,417.63	
Gains and losses from changes in the fair value of financial assets and liabilities held by non-financial corporations and gains and losses from the disposal of financial assets and liabilities, except for effective hedging operations related to the Company's normal business operations	509,477.49	4,666,147.76	8,060,481.70	
Capital using expense charged to non-financial enterprises and accounted into the current income account	3,790,999.98	8,619,807.35		
Write-back of impairment provision of receivables for which impairment test is performed individually	13,228,201.06	6,138,338.91	31,951,043.05	
Net gain between the beginning and merger day of subsidiaries generated by merger of companies under common control			18,912.61	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	-28,482,701.26	-10,095,973.89	20,921,813.65	
Other non-business income and expenditures other than the above	1,262,814.78	-2,764,570.20	-3,897,195.15	
Less: Influenced amount of income tax	-1,262,507.89	3,172,419.69	12,358,051.51	
Influenced amount of minority shareholders' equity (after-tax)	114,273.95	139,179.75	347,626.94	
Total	620,176.63	11,968,633.36	54,517,746.99	--

Other gain/loss items satisfying the definition of non-recurring gain/loss account:

□ Applicable ☑ Inapplicable

The Company has no other gain/loss items satisfying the definition of non-recurring gain/loss account

Circumstance that should be defined as recurrent profit and loss to Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss

□ Applicable ☑ Inapplicable

The Company has no circumstance that should be defined as recurrent profit and loss to Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss

Chapter III Management Discussion and Analysis

I. Major businesses of the Company during the report period

The Company mainly engages in high-end smart curtain wall systems and new materials, rail transit screen door equipment, new energy, and commercial real estate businesses. The Company fully leverages its technological advantage and brand advantage, vigorously promotes smart manufacturing and green manufacturing. Our main products, such as Fangda Intelligent Curtain Wall and Rail Transit Platform Screen Door System, have become industry benchmarks worldwide. Fangda Intelligent Curtain Wall is among the top players in terms of comprehensive strength, while Fangda Rail Transit Platform Screen Door System has been recognized by the Ministry of Industry and Information Technology as a "manufacturing industry single champion product." The Company currently has 7 national high-tech enterprises, 6 "specialized and innovative" enterprises, 2 "national intellectual property advantageous enterprises," and 2 provincial-level engineering technology research centers. We have established a layout with Shenzhen as the headquarters and industrial bases in Dongguan, Foshan, Nanchang, Shanghai, Chengdu, and Ganzhou (under construction). Branch offices have been set up in countries and regions along the Belt and Road Initiative, such as Singapore, India, Australia, Bangladesh, the United Arab Emirates, and Hong Kong.

In 2023, despite the weak global economic recovery, intensified geopolitical conflicts, and insufficient domestic effective demand, the Company, under the leadership of the Board of Directors and management team, fully utilized its comprehensive advantages in technology, brand, and market. Through the collective efforts of all employees, the Company has largely achieved its expected operational objectives. During the reporting period, the Company achieved operating revenue of RMB4,292,204,700, an increase of 11.57% compared to the same period last year. The net profit attributable to the owners of the parent company was RMB272,758,200, a decrease of 3.60% compared to the same period last year. The net profit attributable to the owners of the parent company after deducting non-recurring gains and losses was RMB272,138,100, an increase of 0.43% compared to the same period last year. The newly secured contract orders amounted to RMB6,957,494,200, an increase of 34.14% compared to the same period last year, including overseas contract orders of RMB1,244,397,400, an increase of 197.06% compared to the same period last year. As at the end of the reporting period, the Company's order reserves amounted to RMB9,269,790,600 (excluding pre-sale of commercial properties), representing an increase of 17.52% over the same period of the previous year, which is 2.16 times of the operating income in 2023, laying a good foundation for the realization of the Company's production and operation targets in the future.

(I) Smart curtain wall system and new materials

1. Industry development

The main business of the Company belongs to the architectural curtain wall industry, and the architectural curtain wall industry is closely connected with the level of macroeconomic development, and the large volume and strong toughness of China's economy provides a guarantee for the development of the architectural curtain wall industry. National Bureau of Statistics data show that in 2023, the gross domestic product of RMB126,058.2 billion, an increase of 5.2% over the previous year, the added value of the construction industry was RMB8,569.1 billion, an increase of 7.1% over the previous year, and the scale of the total output value of the construction industry is still maintaining a steady growth.

The State Council Government Work Report 2024 proposes to vigorously promote the construction of modernized industrial system and accelerate the development of new productivity. National implementation of science and technology innovation to promote industrial innovation a series of initiatives for the building curtain wall industry to bring new opportunities for industry chain optimization and upgrading, artificial intelligence, big data and other digital technology depth of application, will drive the building curtain wall industry to high-end, green, intelligent transformation and upgrading, injecting new kinetic energy for the development of the industry. Guangdong, Hong Kong and Macao Bay Area, Yangtze River Delta and other economic development advantageous areas of high-quality development power is stronger, the accelerated pace of construction of regional center cities, the construction of urban supporting infrastructure will also play a role in promoting the development of the building curtain wall industry. The accelerated construction of the national unified market has provided more market opportunities for the industry's leading enterprises. The high-quality construction of "One Belt, One Road" is going deeper and deeper, creating a favorable market environment for enterprises to expand overseas markets.

2. Business Status

(1) Main products and purposes

Smart curtain wall is one of the Company's main products, widely used in high-end office buildings, corporate headquarters, urban complexes, hotels, large venues, urban public buildings, high-grade residential buildings and other buildings of the external wall or roof, can effectively improve the visual aesthetics of the building, enhance the energy-saving and environmentally friendly buildings, to better meet the needs of people's work and life. With high quality products trusted by customers, the Company's smart curtain wall products have won the highest award in China's construction field, Luban Award (National Quality Engineering Award), reflecting the high quality characteristics of the new quality productivity, and the Company's competitiveness of the smart curtain wall ranks at the forefront of the same industry in the world, and it is a well-known brand of the curtain wall in the world.

By focusing on intelligence, low-carbon, environmental protection, and sustainability, the new material industry fosters the development of curtain walls and innovative materials in China. The Company has strong R&D strength and advanced manufacturing bases for PVDF aluminum veneer and aluminum honeycomb panels, and its intelligent curtain wall system, which integrates energy saving, environmental protection and intelligence, is widely used in major projects in more than 160 cities around the world.

(2) Main business modes, specific risks and changes;

During the reporting period, the Company's main business model did not change. The Company's smart curtain wall design and installation and construction contract orders are mainly obtained through the bidding mode (open bidding, invitational bidding). Based on the orders, the Company provides the overall solution of design, raw material procurement, production and processing, installation and construction and after-sales service. Due to the long period of order implementation, it is greatly affected by national industrial policies, raw material prices, and fluctuations in the labor market. Different orders have different technical requirements. It is impossible to simply copy the existing experience, and the requirements for technology and management are relatively high. The engineering payment settlement process for orders is divided into stages such as engineering advance payment, engineering progress payment, completion acceptance, completion settlement payment, and quality guarantee deposit. The specific settlement situation depends on the completion progress and contract agreement.

(3) Market competition pattern in which the Company is located and the Company's market position

In recent years, the domestic construction curtain wall market has gradually matured, industry competition has intensified, and the degree of industry concentration and scale will continue to deepen. Industry head enterprises with talent, technology and brand advantages, and the ability to undertake complex, innovative and comprehensive projects have highlighted their advantages in the market competition, and will drive changes in the competitive landscape of the market in the future. Scientific and technological innovation based on intelligence, assembly, BIM, VR and other technologies continues to deepen. In the future, along with the wave of industrial upgrading, green building, scientific and technological innovation, information technology, etc. will become an important driving force for the new round of growth cycle of the industry. The domestic building curtain wall market still has bright prospects for the development of leading companies in the industry.

The Company has been deeply involved in the curtain wall industry for more than 30 years and has a profound technical accumulation. Fangda Jianke Co., Ltd., a wholly-owned subsidiary of the Company, has the highest qualifications for curtain wall design and construction enterprises in China - the first-class qualification for professional contracting of architectural curtain wall engineering and the first-class qualification for architectural curtain wall engineering design. It is the leading enterprise in China's curtain wall industry. Fangda Jianke has won the highest awards in the national construction industry, including "Luban Award", "National Quality Engineering Award", "Zhan Tianyou Civil Engineering Award", "China Building Decoration Award", and over 200 provincial and ministerial awards. Fangda Jianke has participated in the preparation of more than 22 national or industrial standards such as the Design Standard for Energy Efficiency of Public Buildings, and has created 18 new records for Chinese enterprises. It is an intellectual property demonstration enterprise in Guangdong Province. It is the first one in the same industry in the country to set up enterprise post-doctoral workstations, provincial engineering technology research centers, research and design institutes and other research and development institutions, with independent innovation capability and technology level reaching the advanced level in the same industry in the country, with the innovative characteristics of new quality productivity. Good social credibility, high quality service quality, successfully established the company's brand awareness and reputation, fully demonstrated the strength of the Company as the industry leader.

(4) Business drive

During the reporting period, the Company's curtain wall system and new material industry achieved a revenue of RMB3,477,210,000, an increase of 20.86% compared to the same period last year; The net profit achieved was RMB163,312,500, an increase of 5.50% compared to the same period last year. The key drivers of performance are as follows:

① High-quality development, focusing on high-end intelligent curtain wall and new material industry

The Company adheres to the road of high-quality development, relying on excellent brand influence, exquisite technical quality, good project implementation capacity and complete industrial chain, focusing on high-quality customers, focusing on key regions and major projects, and continuing to plough into the field of high-end intelligent curtain wall of ultra-high-rise buildings, governmental public cultural venues and buildings, and corporate headquarters buildings. During the reporting period, the Company has harvested a number of high-quality orders, including Shenzhen Prince Bay Building, Wenzhou Lucheng Plaza curtain wall project height of more than 300 meters; Shenzhen Bay Cultural Plaza (Shenzhen Science and Technology Life Museum) project is one of the "Ten Cultural Facilities in the New Era" in Shenzhen, which will become a new landmark of Shenzhen urban culture after completion; Shenzhen China Resources Snow Brewery Global Headquarters Building of China Resources Snow Breweries in Shenzhen, TCL Advanced Semiconductor Display Industry Headquarters in Shenzhen, Kingboard Headquarters Building in Shenzhen, OPPO Intelligent Manufacturing Center in Dongguan (Lot 2), Haitian Group Building in Foshan, Alibaba's Central China Headquarters in Wuhan, Tianfu Headquarters Base in Chengdu, and a large number of other corporate headquarters projects, as well as the 3 McNab Apartments in Melbourne, the Neue Grand Apartments, the Pinnacle high-end office building project in Bangladesh, and other overseas curtain wall projects. Overseas curtain wall projects such as Melbourne 3 McNab Apartments, Neue Grand Apartments, Pinnacle High-end Office Building Project in Bangladesh, etc., have played an important role in supporting the Company's sustained and healthy development, and the Company's brand, technical service advantages and market competitiveness are highlighted.

During the reporting period, the company's intelligent curtain wall and new material industry won the contracted project order of RMB5,254,102,000, an increase of 8.60% compared with the previous year; the amount of order reserves amounted to RMB6,840,837,500, an increase of 6.08% compared with the previous year, which is 1.97 times of the Company's operating income of the curtain wall system and material industry in 2023.

② Digital intelligence empowerment, continue to enhance core competitiveness

The Company adheres to innovation-driven development, the independent innovation ability and technology level is in the leading position in the industry, has obtained 650 patented technologies for curtain wall products, 19 software copyrights, participated in the preparation of 22 national/industry technical specifications and standards, during the reporting period, the company has applied for 52 new patents, 44 new authorized patents. The six subsidiaries engaged in intelligent curtain wall system and new material industry are all national high-tech enterprises, five of which are "specialized, special and new" enterprises, and have been evaluated as National Intellectual Property Advantageous Enterprises, "Specialized, Special and New" giants, Guangdong Provincial Engineering Technology Research Center It has been awarded as National Intellectual Property Advantage Enterprise, "Specialized, Specialized, Specialized and New" Small Giant, Guangdong Engineering Technology Research Center, Jiangxi Enterprise Technology Center, Jiangxi Intelligent Manufacturing Benchmarking Enterprise, Guangdong Innovative Small and Medium-sized Enterprises, Polaris Prize, the Second Prize of the First CBDA Architectural Curtain Wall Design "Silicon Treasure Cup" Competition, and Enterprise Innovation Record and other honors, which demonstrated the Company's leading position and comprehensive strength in the design and construction technology of the curtain wall products.

With the rapid development of new-generation information technologies such as cloud computing, big data, and AI artificial intelligence, the Company, centered around the vision of "Digital Fangda," is vigorously promoting digitization and intelligent technologies, aiming to reduce costs, increase efficiency, improve quality, and foster innovation. This seeks to empower the Company's management and industrial development. The Company has taken the lead in building intelligent production lines in the industry, applying information management tools such as BIM technology, PMS project management platform, and MES production management platform to the construction of intelligent factories, and conducting refined management of curtain wall production, achieving comprehensive monitoring from material production status, factory processing progress, to project management status. In addition, the Company uses information technology to trace the information of all products, in order to achieve scientific and efficient management.

③ Overseas expansion, steadily advancing internationalization strategy

During the reporting period, the Company leveraged its strong technological advantages, market advantages, advanced manufacturing capabilities, and refined management accumulated in the field of intelligent curtain wall business. It made full efforts to promote layout and market development in key overseas regions. Building upon the foundation in the Australian market, it expanded into overseas markets more extensively and deeply, aiming to enhance the company's competitiveness and brand influence in the international market, as well as optimizing the customer portfolio. During the reporting period, the Company's overseas sales revenue in the curtain wall system and new materials business grew by 33.96% compared to the previous year.

④ Strengthening talent pool construction, improving training and management systems

Talent is the cornerstone and a crucial core resource for the growth and development of a company. In order to meet the Company's strategic development plans, it is essential to further improve the talent development system by recruiting and retaining versatile talents through various channels to meet the complex talent demands for business development. To fulfill the Company's development strategy in overseas markets, the company has actively recruited, trained, and reserved a group of outstanding talents with overseas backgrounds and skills that match our overseas operations. This provides the Company with a strong talent reserve to support high-quality development.

The Company has established a comprehensive training management system, and during the reporting period, it adopted both online and offline methods. It has conducted 993 training programs in various fields, including management, production, safety, technology, quality, finance, law, and integrity. The total course hours were 79251.17 hours. This has improved the comprehensive quality and professional ability of employees. In 2023, several employees of the Company were awarded honors such as "Excellent Constructor of China Construction Engineering Decoration Award", "Excellent Young Designer", "Shenzhen Excellent Craftsman", and "Shenzhen Excellent Craftsman".

(5) Industry qualification types and validity period

The Company has a Class A qualification for building curtain wall engineering contracting and class A qualification for building curtain wall engineering design. It is the highest level for curtain wall design and construction companies in China. During the reporting period, the Company's relevant qualifications have not changed significantly, and the validity period has not expired.

(6) Quality control system, implementation standards, control measures and overall evaluation

Quality control system: As a leading enterprise of high-end curtain wall, the Company pays attention to quality management. It is the first in the industry to pass ISO9001, ISO14001, OHSAS18001 international and domestic dual certification, GB/T29490 intellectual property management system certification, and is the first to establish sales, design, supply, production, one-stop quality control system such as construction, after-sales, customer service, etc., implement strict quality control and supervision for each link, and create a strong quality management system.

Implementation of the standard: In the process of building curtain wall business, the Company strictly complies with GB/T21086-2007 "Building Curtain Wall", JG/T231-2007 "Building Glass Lighting Roof" and other national and industrial standards.

Control measures: The Company has established complete and effective quality control measures and quality management institutions, introduced digital information management, and digitized the Company's various businesses, raw materials, factory workshops, and construction site operating procedures through computer information integration systems. Through cloud terminal technology, information is quickly transmitted and shared for collaborative application. Strictly implement various quality management and control measures to provide customers with high-quality products and services.

Overall evaluation: The Company's quality control system and executive standards meet the relevant requirements of the current relevant national norms and standards, maintain good operation, and provide customers with stable and reliable products and services.

(7) Major project quality problem during the reporting period

None.

(II) Rail transport screen door business

1. Industry development

Rail transit screen doors are an indispensable component of the urban rail transit industry chain, closely related to the development of urban rail transit and intercity (city) railway construction. According to the National Comprehensive Vertical Transportation Network Planning Outline released by the State Council, the future will promote the integrated development of urban transportation, build an urban public transportation system with urban rail transit as the backbone and conventional public transportation as the main body, fully utilize the underground space and buildings of rail transit in mega cities, and optimize passenger flow evacuation. The Draft Outline of the Fourteenth Five-Year Plan and the Long-term Goals for 2035 proposes to speed up the construction of a powerful transportation country. It is expected that China will add 3000 kilometers of urban rail transit operating kilometers, 3000 kilometers of intercity railways and urban (suburban) railways during the "Fourteenth Five-Year Plan", and the total investment completed is expected to exceed 3 trillion yuan. The urban rail transit market in China is still relatively large, and the platform screen doors of urban rail transit still have a large market scale.

According to data from the Ministry of Transport, as of December 31, 2023, a total of 306 urban rail transit lines with an operating mileage of 10165.7 kilometers and 5,897 stations have been opened and operated in 55 cities across 31 provinces (autonomous regions, municipalities directly under the central government) and Xinjiang Production and Construction Corps. In 2023, 16 new urban rail transit operating lines were added, with an additional operating mileage of 581.7 kilometers. Two new cities opened their urban rail transit for the first time. With the orderly development of urban rail transit in China, as a high value-added and high-tech product, the market demand for platform screen doors in urban rail transit is constantly increasing.

2. Business Status

(1) Main products and purposes

The Company's main products are platform screen door systems applied to urban rail transit, and also provide operation and maintenance services for the above products. The platform screen door system of urban rail transit is installed at the edge of the platform of urban rail transit station to isolate the running track area from the waiting area of the platform. It is equipped with a continuous movable door body barrier corresponding to the train door, which can be opened and closed by multi-level control, including the full-height closed screen door system, the full-height non-closed screen door system, and the half-height screen door system. In addition, the Company has successfully developed the platform safety door system that can be applied to the complex environment of high-speed railroads, which can realize the opening of platform safety doors according to different models of incoming high-speed railways and intelligent corresponding train doors, which will open up new application scenarios and new market space in the future.

Railway platform screen door system has an indispensable position in urban rail transportation operation. The platform screen door system isolates the track from the platform waiting area, effectively ensuring the safety of passengers, preventing them from falling off the track, and also preventing unauthorized entry into the tunnel; In case of fire or other fault modes, it can be linked and controlled with relevant systems to achieve rapid smoke exhaust and passenger evacuation and escape functions. At the same time, the platform screen door system can effectively reduce the dust, noise, and tunnel wind pressure entering the platform from the tunnel, providing passengers with a quiet, comfortable, and safe riding environment. In addition, the platform screen door system also has a passenger flow counting function, which can guide passengers to low-density carriages during peak passenger hours. The platform screen door system can also serve as a platform for passenger consultation systems, achieving multimedia interaction functions such as information broadcasting, consultation dissemination, and commercial promotion for passengers.

(2) Main business model

The operating entity of the Company's rail transit screen door equipment business is its holding subsidiary, Fangda Zhiyuan. Fangda Zhiyuan is a supplier and service provider of rail transit screen door systems that integrates research and development, design, manufacturing, installation and debugging, and technical services, with a complete industrial chain. A mature and complete management system for research and development, procurement, production, sales and O&M has been established. In terms of research and development, the Company has formed a research and development project initiation mechanism that combines independent basic research with project needs; In terms of procurement, suppliers are mainly selected and purchased by the project, and a special procurement team is set up to carry out the procurement work; In terms of production, manage the Company's production activities according to contract requirements and customer's production instructions; In terms of sales, the Company's customers are metro companies around the world and electromechanical general contracting units in the rail transit industry, all of which are direct sales, and there is no distribution; in terms of operation and maintenance, the Company already has an intelligent operation and maintenance guarantee system for platform screen doors, which can monitor the operation data in real time and quickly diagnose and eliminate faults.

(3) Market competition pattern in which the Company is located and the Company's market position

The Company has successfully researched and developed the rail transportation platform screen door system with independent intellectual property rights earlier, and maintains the leading edge of technology, with new quality productivity innovation characteristics. The Company has a complete professional team from research and development, design to manufacturing, construction and after-sales service, and has taken the lead in drafting and revising the first national industry standard for platform screen doors for rail transit, "Platform Screen Doors for Urban Rail Transit" (CJ/T236-2022), and participated in compiling the group standard "Acceptance Specification for Fully Automated Urban Rail Transit Operation System" (T/URTA0009-2022). In 2021, the Ministry of Industry and Information Technology of the People's Republic of China awarded the Company the "Manufacturing Industry Single Champion Product" for the safety door product of urban rail transit platforms. Fangda Zhiyuan Technology has received various honors and qualifications, including being recognized as a National Intellectual Property Advantage Enterprise, winning the Guangdong Science and Technology Award, obtaining the National Key New Product Certificate, being certified as a demonstration project in the National Torch Program for industrialization, establishing the Guangdong Intelligent Rail Transit Platform Door Engineering Research Center, winning the Shenzhen Science and Technology Progress Award, and being awarded the title of "Specialized, Refined, Special, and New" Enterprise in Shenzhen. Additionally, the company has obtained the International Railway Industry Standard (IRIS) management system certification. The Company has domestic and foreign patents and computer software copyrights, forming a core technology group and intellectual property system with independent intellectual property rights.

Through 20 years of intensive work in the field of platform screen doors of rail transit, the Company has occupied a high market share in the domestic market. The Company has undertaken over 100 subway platform door projects worldwide, totaling over 80000 platform door units, and has become a global supplier of platform screen door systems for urban rail transit.

(4) Business drive

① Foresight layout, strong expansion in overseas markets

As a pioneer and leader in the rail transit shielding door industry, the Company relies on precise strategic layout, leading technical strength, and profound market insights to achieve significant business development against the background of increasingly fierce competition in the industry, and to strongly promote the brand power enhancement and overseas strategic layout. During the reporting period, the Company has won the bid, contract Athens Line 4, Singapore Metro CRL152 project, Singapore Metro R152A project, Hong Kong Metro 1254 project, Qingdao Metro Line 6, Suzhou City, Suzhou City, Metro Line 8, Xi'an City Metro Line 15 Phase I, Dongguan City, Dongguan City Railway Line 1 Phase I, Wuhan City, Wuhan City, Railway Line 12 (Jiangbei section, Wuchang section), Tianjin Railway Line B1 Phase I, Guiyang Railway Line S1 Phase I and other shielding door system project orders. Line B1 Phase I, Guiyang Rail Transit Line S1 Phase I and other shielding door system project orders, while also obtaining the Hong Kong Shatin to Central Link Phase II, Xiamen Metro Line 1, 3, Nanning Metro Line 2, 4, Wuhan Rail Transit Line 7, Line 8, Line 11, Nanjing Metro Line 1, Shenzhen Metro Line 2, Phase III, Line 8 Phase I, Line 6, Line 10 and other projects shielding door professional and technical maintenance service orders The total amount of RMB1,703,394,000, an increase of 388.78% over the same period of the previous year, the new order was explosive growth, the annual order and its overseas orders, maintenance order amount rose to a record high. As of the end of the reporting period, the Company's order backlog in the rail transit platform door industry amounted to RMB2,428.95 million, representing a growth of 68.78% compared to the previous year-end. The company achieved operating revenue of RMB558.42 million. The order backlog is 4.35 times the operating revenue of the rail transit platform door industry in 2023, indicating abundant order reserves. This solid foundation ensures the continuous release of future performance. Despite the weak global economic recovery and insufficient domestic demand, the rail transit platform door industry of the Company has shown strong vitality, demonstrating its comprehensive strength in technology, brand, market, and strong competitiveness, as well as significant advantages in new production capacity.

As early as 2012, the Company entered the overseas market and successfully secured an order for the Singapore metro project, taking a proactive stance in its foresight layout. Since then, the Company has accelerated its efforts in exploring overseas markets and promoting its international expansion. It has successfully secured rail transit platform door system projects in countries and regions along the "Belt and Road" initiative, including Singapore, Malaysia, Hong Kong, Taipei, Thailand, India, Colombia, and many more. Through these projects, the company has accumulated rich experience in implementing overseas projects and gained widespread recognition from international market customers. In 2023, the Company continued to secure overseas orders, strengthening its brand advantage in markets like Singapore and Hong Kong. It also achieved its first order for the Athens Metro platform door system project in Europe, expanding its international presence. The recognition of the Fangda brand overseas has been continuously increasing, establishing the Company as the world's largest producer and service provider of rail transit platform door systems. Furthermore, the Company has successfully developed a platform safety door system suitable for high-speed railway environments. This system allows intelligent opening of platform safety doors based on different train models entering the station. The product has obtained 36 patents. Currently, the Company is actively promoting the product in the market to realize its application as soon as possible, opening up new application scenarios and market opportunities.

Strengthening the foundation and becoming an industry innovation benchmark

The Company has been adhering to the business philosophy of "technology-based, innovation-driven" since its foray into the field of rail transit platform equipment. It has made full efforts to invest in independent research and development of core technologies for platform door systems, becoming one of the early domestic enterprises to achieve full localization of this product. Through years of continuous engineering practice and technological innovation, the Company has strong core competitiveness in areas such as core technology, data accumulation, talent reserves, and industry status, making it a benchmark enterprise in the industry. As of the end of the reporting period, the Company owns 131 patents in the field of rail transit platform doors, both domestically and internationally (including 53 invention patents and 20 international PCT patents). In addition, the company has also obtained 8 copyrights for computer software. The "Urban Rail Transit Platform Safety Door" has been recognized by the Ministry of Industry and Information Technology as a "Manufacturing Industry Championship Product". Fangda Zhizhuan Technology has been awarded as a national intellectual property advantage enterprise and selected as a "Specialized, Refined, Unique, and New" enterprise in Shenzhen. It has led the drafting of China's first industry standard for "Urban Rail Transit Platform Screen Door" and participated in the compilation of the group standard "Acceptance Specification for Urban Rail Transit Fully Automatic Operation System". It is the only platform screen door system enterprise involved in the preparation of this standard.

During the reporting period, the modular assembly platform door independently developed and designed by the company was successfully installed on site in Shenzhen Metro Line 8. It is the first modular assembly platform door landing application in Shenzhen urban rail transit, and has important demonstration significance for promoting the construction of smart subways and leading the transformation and upgrading of the rail transit industry.

Application of intelligent technology to enhance maintenance service quality

With the continuous expansion of urban rail transit network and the increasing service life of existing subway screen doors, professional maintenance and upkeep have become a key link in rail transit operation. The screen door system belongs to a highly specialized equipment system, and maintenance work must be guaranteed by a professional company with a solid technical foundation for its services. The Company possesses a full industry chain technological service advantage in the field of urban rail transit platform screen door systems. It has an intelligent operation and maintenance support system for platform screen door systems, which allows for real-time statistics and analysis of equipment operation at stations, remote guidance of on-site technical service teams, and timely and efficient provision of professional technical support to customers. Furthermore, the Company is capable of accurately identifying potential faulty components, locations, and causes, reducing the need for personnel involvement in system maintenance, improving the reliability and safety of platform screen door systems, and enhancing the intelligence level of station operations.

After years of operation, the Company has accumulated extensive experience in the field of urban rail transit platform screen door system maintenance and has a professional maintenance team. The Company's maintenance services have received praise from clients on multiple occasions and have been awarded accolades such as the "Outstanding Contribution Award in Rail Transit," "Excellent Equipment Supplier," and "Advanced Unit in Engineering Construction." In terms of maintenance service orders, the Company has also consolidated its maintenance market position in areas such as Shenzhen, Wuhan, Xiamen, and Nanning. Additionally, it has successfully obtained its first maintenance service contract in Hong Kong, demonstrating high recognition and affirmation from client organizations for the company's specialized services.

(3) New energy industry

The Company's photovoltaic building integration (BIPV) and distributed solar photovoltaic power plants are important components of the company's new energy business. Against the backdrop of the national dual carbon strategy and green development, the Company has been practicing the concepts of low-carbon, energy saving, green and environmental protection. It is an early developer and application of photovoltaic building integration (BIPV) and photovoltaic power generation system design, manufacturing, integration and operation, and has mature technology. In China, the Company has completed the first batch of integrated photovoltaic buildings (BIPV) and multiple distributed solar photovoltaic power stations. Jiangxi Pingxiang distributed photovoltaic power station, Jiangxi Isuzu automobile parking lot photovoltaic power station in Nanchang City, and Songshan Lake Base photovoltaic power station in Dongguan, Guangdong, have all operated efficiently, contributing to the Company's stable profitability and cash flow.

(4) Commercial real estate industry

At present, the company operates commercial real estate projects in Shenzhen and Nanchang. Shenzhen, as a special economic zone and an advanced demonstration zone, has a relatively concentrated market heat and demand. With the construction of the Guangdong-Hong Kong-Macao Greater Bay Area advancing in depth, the strong development trend of Shenzhen and the positive signals continuously released by the national policy are highly recognized by the market, and the Company's Shenzhen Fangda Town project has a relatively fast demobilization rate in terms of sales and leasing. At the end of the reporting period, the sales rate of Shenzhen Fangda Town project was 98.44%, and the leasing rate of self owned properties was 81.47%. The company's Fangda Center project is located in Honggutan New District, Nanchang City, with obvious geographical advantages and good market expectations. At the end of the reporting period, the sale rate of Nanchang Fangda Center project was 39.64%, and the occupancy rate of self-owned properties was 86.57%.

In addition, the Company's two urban renewal projects in Shenzhen are also actively progressing. The planning document for the Henggang Dakang project in Shenzhen has been completed and published for public review, and the project's planning and initiation work is being carried out in an orderly manner. The Fuyong Fangdabang project in Shenzhen has completed its planning adjustment and is steadily advancing the review of the renewal plan.

II. Core Competitiveness Analysis

(I) Smart curtain wall system and material

1. Advantages of technology and industry experience

The Company has worked in the field of smart curtain wall for more than 30 years, continuously strengthened technical innovation, grasped the development trend of curtain wall industry in the process of meeting market demand, improved the competitiveness of the Company's products, solutions and services, and gained rich experience in project design and implementation and well-known cases.

As a leading enterprise in the curtain wall industry, the Company has taken the lead in setting up enterprise postdoctoral workstations, engineering technology centers, research and design institutes and other research and development institutions in the industry in China, creating many firsts in the industry, and is one of the preferred brands in the domestic high-end curtain wall system material industry. The company's six subsidiaries engaged in the smart curtain wall system and materials industry are all national-level high-tech enterprises. Among them, five are recognized as "specialized, refined, and new" enterprises. They have been successively awarded honors such as National Intellectual Property Advantage Enterprise, "specialized, refined, and new" gazelle enterprise, Guangdong Province Engineering Technology Research Center, Jiangxi Province Enterprise Technology Center, Jiangxi Province Intelligent Manufacturing Benchmark Enterprise, Guangdong Province Innovation-oriented Small and Medium-sized Enterprise, Polar Star Award, and Enterprise Innovation Record. The Company's independent innovation and continuous innovation have contributed to its leading technological level and manufacturing capabilities.

2. Advantages of product service and refined management

With years of technical precipitation and experience accumulation, the Company's smart curtain wall system and material industry has formed an overall solution integrating R&D, design, production, project management, construction and maintenance services. The industry is complete and has strong comprehensive strength in terms of quality, cost and service.

The Company is actively promoting intelligent construction and refined management by incorporating emerging technologies such as big data, cloud computing, and 5G into production and management. Through the construction of digital and intelligent production lines, the Company is building modern factories to continuously enhance scientific decision-making levels and operational efficiency. This has effectively improved product and service quality, while also enhancing the Company's competitiveness.

3. Brand equity

The Company's brand advantage can bring more business opportunities and partnerships. The Company has always adhered to the principle of quality first and has gained high recognition from the industry and numerous professionals, thanks to its technological expertise and innovative strength. It has built a good reputation. The Company has won "National Quality Award", "National Quality Engineering Award", Luban Award, Zhan Tianyou award, China Architectural Decoration Award and more than 200 provincial and ministerial awards. It has created thousands of landmark projects worldwide and has become one of the leading brands in the field of high-end curtain wall. The Fangda trademark has been recognized as a "China Well-known Trademark," and has also been awarded the titles of "International Reputation Brand" and "Shenzhen Old Brand."

4. Industrial layout advantages

After years of development, the intelligent curtain wall system and material industry of the Company have formed a national industrial layout with Shenzhen as its headquarters and production bases established in Shanghai, Chengdu, Nanchang, Dongguan, Foshan, and Ganzhou (under construction) in Jiangxi province. Among them, Dongguan Songshanhu Base is one of the most advanced high-end curtain wall system production bases in the industry, with industry-leading capabilities in R&D design, manufacturing, and curtain wall system delivery. At present, the under-construction Fangda (Ganzhou) Low-carbon Intelligent Headquarters Base project aims to create a modern and green factory with a beautiful environment, advanced equipment, optimized processes, and leading technologies through the promotion of digitalization and intelligent manufacturing lines, integrating lean management and intelligent manufacturing. This will further drive the development of the Company's curtain wall system and PVDF aluminum veneer new materials industries towards intelligence and high-end. As of the disclosure date of this report, the main structure of the first phase of the Fangda (Ganzhou) Low-carbon Intelligent Headquarters Base project has been completed and the major equipment has been procured as planned. The first-phase project is expected to start operation in 2024. The Company's well-established production base layout optimizes production costs, enhances efficiency, and enables rapid response to changes in market demand, providing an important guarantee for increasing market share and overall competitiveness.

5. Talent

The Company always adheres to the "people-oriented" talent concept, actively introduces and trains all kinds of professional technology and management talents, and is committed to building an efficient and innovative management and operation team. The Company has a highly experienced top management team with an international perspective and solid middle-level managers who are dedicated to their roles and possess strong execution capabilities. The Company also has a well-established talent development system and talent pool. During the reporting period, we continuously optimized the effective incentive and assessment system and implemented quantitative management. In order to meet the needs of the Company's business development, the Company continued to introduce outstanding fresh graduates, build an industry university research integration platform, promote school-enterprise cooperation and industry-university combination mechanism, and ensure that the Company's scientific research strength in the field of high-end curtain wall is at the leading level in the industry. Over the years, it has always paid attention to the cultivation of "craftsman spirit". It has held "Fangda Craftsman" skill competition every year and "Fangda Lecture Hall" training from time to time, continuously improved the theoretical knowledge and operation skill level of employees, created a skilled talent team with reasonable structure, exquisite technology and excellent style, cultivated a number of "Shenzhen 100 excellent craftsmen", and has been rated as "Shenzhen craftsman cultivation demonstration unit" for many times.

(II) Rail transport screen door business

1. Technical R&D advantage

The Company has always attached great importance to technological innovation and has been a pioneer in the domestic market. It has independently developed a track traffic platform screen door system with proprietary intellectual property rights, breaking the monopoly of foreign companies in the field of platform screen doors for rail transportation in China. Through years of continuous engineering practice and technological innovation, the Company has accumulated profound technical expertise, establishing itself as a leader in the industry. The Company's technology research and development system is mature, and the platform screen door system research and development center of Fangda Zhiyuan Technology was awarded the Guangdong Provincial Engineering Technology Center by the Ministry of Science and Technology of Guangdong Province; The technical research and development team has rich experience, and its members have won provincial and municipal awards for scientific and technological progress. Fangda Zhiyuan Technology's "Urban Rail Transit Platform Safety Door" has been recognized by the Ministry of Industry and Information Technology as a "Single Champion Product" in the manufacturing industry. Fangda Zhiyuan Technology has been selected as a "National Intellectual Property Advantage Enterprise", "Guangdong Intelligent Rail Transit Platform Door System Engineering Technology Research Center", and a "Specialized, Refined, Unique, and New" (SRUN) enterprise in Shenzhen. They have also taken the lead in drafting China's first industry standard for "Urban Rail Transit Platform Screen Doors". Their research and development of the urban rail transit visualized multimedia full-height platform door project has been recognized as a "Shenzhen Enterprise Innovation Record", highlighting Fangda's sustained comprehensive leading strength and industry benchmark position in the field of urban rail transit equipment.

During the operation and development, the Company has always maintained a high level of R&D investment, formed a wealth of innovative achievements, and obtained a number of intellectual property rights in the structure, electrical, control, system reliability and safety of PSD system. Through the accumulation of its own patents, software copyrights and proprietary technologies, the Company has built a completely independent and controllable platform for the basic technology of platform door control system. They are developed and produced by the Company, which can quickly diagnose and eliminate various system control problems. On the basis of the basic platform, the Company has successively developed anti-pinch system based on image recognition, embedded display system, intelligent operation and maintenance system and other modules, which can be flexibly customized according to specific requirements and can better meet customer needs. In addition, through the practice of a large number of urban rail transit projects at home and abroad over the years, the Company has also formed a rich technical accumulation in the intelligent manufacturing process, quality control and construction technology of the core components of platform screen door system products.

The Company has innovatively developed a safety door product for high-speed rail platforms, specifically targeting high-speed or intercity platforms where multiple train models dock. The product allows for the arbitrary setting of door unit positions and sizes, accommodating different train body specifications and door opening positions. It serves as an ideal platform door solution for high-speed and intercity platforms with multiple train models docking or uncertain train models docking. This product satisfies the needs of trunk railways, intercity railways, urban (suburban) railways, and seamless integration scenarios between urban rail transit systems. It can automatically open and close doors at any position and ensures passenger safety protection on station platforms. Currently, the Company is actively promoting the product in the market to achieve early implementation and explore new application scenarios and market opportunities.

2. Industry chain advantage

As the first enterprise to enter the metro screen door industry in China, the Company is able to provide R & D, design, manufacturing, engineering construction, technical services, technical training, system maintenance, spare parts supply as part of the whole industry chain. A complete industrial chain helps the Company to realize resource sharing at all stages and meet the market demand for specialized products and services, thereby effectively reducing the Company's production and management costs and improving profitability and competitive advantages.

With many domestic metro platform screen door systems entering the maintenance period, the Company actively expands the industrial chain and takes the lead in developing Metro maintenance business in China. The intelligent maintenance management system developed by the Company can count and analyze the operation status of site equipment in real time, remotely guide the on-site technical service team, and provide professional technical support to customers in a timely and efficient manner. The Company's operations and maintenance service team is now present in over 30 cities worldwide. With the continuous improvement of service capabilities and customer recognition, the contribution of technical service revenue is expected to increase year by year.

3. Organizational structure advantage

The Company offers customized urban rail transit platform screen door systems, which involve various management stages from order acquisition to final project delivery, including research and development, design, manufacturing, testing, installation, and maintenance. These services are characterized by high contract work refinement and long performance cycles. To provide more comprehensive services, the Company has established an organizational structure that meets customer needs, equipped with professionals in each service stage.

The Company possesses outstanding professional capabilities and a well-configured research and development team, capable of providing technical solutions for customers' special requirements. In terms of product design, the Company's technical team has extensive experience. In product manufacturing, the Company owns a large-scale production factory and has a complete and reliable supply chain. For product testing, the Company has well-equipped and professional testing equipment and methods. In terms of installation, the Company holds the first-level qualification of national construction mechanical and electrical installation engineering, enabling it to independently undertake installation work as stipulated by contracts. In terms of maintenance, the Company has an operations and maintenance center with professional maintenance teams. Maintenance centers are established at customer locations and project sites, allowing for faster and more considerate services.

4. Professional and stable team

The company boasts a stable and highly skilled technical workforce. The core technical team exhibits a balanced age structure and exceptional professional proficiency, including senior engineers and other advanced technical personnel expertise in fields such as mechanical engineering, electrical, systems reliability, railway communications, software, engineering mechanics, among others. The management and R&D teams have an average tenure surpassing 7 years, demonstrating high stability. They share a common recognition of the company culture, collaborate harmoniously, and exhibit strong stability and a spirit of perseverance. At the same time, the management team and R&D team have a deep understanding of the Company's business and industry, can quickly respond to changes in the external competitive environment, and ensure the sustainable and stable development of the industry.

(3) New energy industry

The Company's new energy industry primarily focuses on the application of new energy and energy-saving technologies, such as solar photovoltaic power plants and building-integrated photovoltaics (BIPV). Its business scope spans across the construction and photovoltaic power generation industries. The Company has been actively developing solar photovoltaic curtain wall system technology for over twenty years. It is one of the domestic enterprises that started early in the design, manufacturing, and integration of solar photovoltaic building-integrated (BIPV) systems.

Distributed solar power PV power generation is closely related to the Company's curtain wall business. Part of the distributed solar power PV systems are closely related to construction. Moreover, in terms of product system integration, the Company has over twenty years of experience in electromechanical product integration and project management. It possesses professional qualifications in mechanical and electrical installation, among others.

(4) Commercial real estate industry

Located in the core area of the Guangdong-Hong Kong-Macao Greater Bay Area, the Company adopts a differentiation competition strategy, with a focus on operating self-owned properties like Fangda Town, and promoting two urban renewal projects in Shenzhen. Benefiting from the dividend of Shenzhen's rapid economic development and the opportunity of further promotion of Shenzhen-Hong Kong integration, it is expected that the Company's commercial real estate business will contribute profits to the Company in the future.

III. Core business analysis

1. Summary

See "I. Main Business Conditions of the Company During the Reporting Period" in Chapter III Management Discussion and Analysis.

2. Income and costs

(1) Turnover composition

In RMB

	2023		2022		YOY change (%)
	Amount	Proportion in operating costs	Amount	Proportion in operating costs (%)	

		(%)			
Total turnover	4,292,204,716.01	100%	3,846,975,948.44	100%	11.57%
Industry					
Metal production	3,477,209,982.02	81.01%	2,877,126,181.59	74.78%	20.86%
Railroad industry	558,421,443.33	13.01%	564,551,749.10	14.68%	-1.09%
New energy industry	19,389,107.63	0.45%	19,707,669.06	0.51%	-1.62%
Commercial real estate	222,262,890.97	5.18%	369,529,923.55	9.61%	-39.85%
Others	14,921,292.06	0.35%	16,060,425.14	0.42%	-7.09%
Product					
Curtain wall system and materials	3,477,209,982.02	81.01%	2,877,126,181.59	74.78%	20.86%
Subway screen door and service	558,421,443.33	13.01%	564,551,749.10	14.68%	-1.09%
PV power generation products	19,389,107.63	0.45%	19,707,669.06	0.51%	-1.62%
Real estate rental and sales and property services	222,262,890.97	5.18%	369,529,923.55	9.61%	-39.85%
Others	14,921,292.06	0.35%	16,060,425.14	0.42%	-7.09%
District					
In China	3,886,216,878.96	90.54%	3,563,436,690.09	92.63%	9.06%
Out of China	405,987,837.05	9.46%	283,539,258.35	7.37%	43.19%
Sub-sales mode					
Direct sales	4,292,204,716.01	100.00%	3,846,975,948.44	100.00%	11.57%

(2) Industry, product, region and sales mode accounting for more than 10% of the Company's operating revenue or operating profit

☑ Applicable □ Inapplicable

In RMB

	Turnover	Operating cost	Gross margin	Year-on-year change in operating revenue	Year-on-year change in operating costs	Year-on-year change in gross margin
Industry						
Metal production	3,477,209,982.02	2,935,675,944.04	15.57%	20.86%	24.02%	-2.16%
Commercial real estate	222,262,890.97	55,252,159.90	75.14%	-39.85%	-47.92%	3.85%
Railroad industry	558,421,443.33	405,548,804.42	27.38%	-1.09%	-6.49%	4.20%
Product						
Curtain wall system and materials	3,477,209,982.02	2,935,675,944.04	15.57%	20.86%	24.02%	-2.16%
Real estate rental and sales and property	222,262,890.97	55,252,159.90	75.14%	-39.85%	-47.92%	3.85%

services						
Subway screen door and service	558,421,443.33	405,548,804.42	27.38%	-1.09%	-6.49%	4.20%
District						
In China	3,886,216,878.96	3,135,462,631.21	19.32%	9.06%	16.20%	-4.96%
Sub-sales mode						
Direct sales	4,292,204,716.01	3,404,642,473.33	20.68%	11.57%	16.69%	-3.47%

Main business statistics adjusted in the recent one year with the statistics criteria adjusted in the report period

□ Applicable ☑ Inapplicable

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

Different business types of the Company

In RMB

Business type	Turnover	Operating cost	Gross margin
Curtain wall system and materials	3,477,209,982.02	2,935,675,944.04	15.57%

Whether the Company runs business through the Internet

□ Yes ☑ No

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

Whether the Company runs overseas projects

☑ Yes □ No

No.	Location	Number of overseas projects in the curtain wall and material industry (number)	Total contract amount for overseas projects in the curtain wall and material industry (RMB10,000)
1	Australia	9	25,912.12
2	Asia	9	8,118.74
	Total	18	34,030.85

(3) The physical sales revenue is high the labor service revenue

□ Yes ☑ No

(4) Performance of major sales contracts and major purchase contracts signed by the Company as of the reporting period

□ Applicable ☑ Inapplicable

(5) Operation cost composition

Industry

In RMB

Industry	Item	2023	2022	YOY change

		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	(%)
Metal production	Raw materials	1,931,108,749.70	65.78%	1,570,953,065.18	66.37%	-0.59%
Metal production	Installation and engineering costs	694,932,443.71	23.67%	517,779,780.10	21.87%	1.80%
Metal production	Labor cost	167,420,546.08	5.70%	151,791,696.66	6.41%	-0.71%
Railroad industry	Raw materials	233,784,899.78	57.65%	284,311,719.62	65.56%	-7.91%
Railroad industry	Installation and engineering costs	66,075,375.05	16.29%	59,413,282.43	13.70%	2.59%
Railroad industry	Labor cost	51,119,439.37	12.61%	50,149,325.46	11.56%	1.05%
Commercial real estate	Construction and installation cost	2,885,553.07	5.22%	28,586,334.63	26.95%	-21.73%
Commercial real estate	Land cost	2,436,118.72	4.41%	18,256,200.85	17.21%	-12.80%
Commercial real estate	Water and electricity	14,072,626.36	25.47%	13,033,203.43	12.29%	13.18%
Commercial real estate	Labor cost	17,680,251.05	32.00%	15,720,818.75	14.82%	17.18%

Note: In addition to the above costs, other cost items in the metal manufacturing and rail transit industries mainly include energy consumption costs such as water and electricity, rent, etc., while commercial real estate mainly includes costs such as property maintenance and cleaning.

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

Main business cost

In RMB

Cost composition	Business type	2023		2022		YOY change (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Raw materials	Curtain wall system and materials	1,931,108,749.70	65.78%	1,570,953,065.18	66.37%	-0.59%
Installation and engineering costs	Curtain wall system and materials	694,932,443.71	23.67%	517,779,780.10	21.87%	1.80%
Labor cost	Curtain wall system and materials	167,420,546.08	5.70%	151,791,696.66	6.41%	-0.71%

(6) Change to the consolidation scope in the report period

☑ Yes □ No

In this period, the Company has added one wholly-owned subsidiary through establishment: Shenzhen Fangda Jianchuang Technology Co., Ltd.

(7) Major changes or adjustment of business, products or services in the report period

□ Applicable ☑ Inapplicable

(8) Major sales customers and suppliers

Main customers

Total sales amount to top 5 customers (RMB)	539,644,272.71
Proportion of sales to top 5 customers in the annual sales	12.58%
Percentage of sales of related parties in top 5 customers in the annual sales	0.00%

Information of the Company's top 5 customers

No.	Customer	Sales (RMB)	Percentage in the annual sales
1	Shenzhen Shengrunfeng Investment Development Co., Ltd	134,575,646.88	3.14%
2	Anbang Property Insurance Co., Ltd.	106,237,001.24	2.48%
3	Shenzhen Qianhai Construction Investment Holdings Group Co., Ltd.	101,737,707.89	2.37%
4	China Construction 8th Engineering Division Corp. Ltd.	99,152,106.02	2.31%
5	Shenzhen-Shantou Cooperation Zone Shentoukong Investment Development Co., Ltd.	97,941,810.68	2.28%
Total	--	539,644,272.71	12.58%

Other information about major customers

☑ Applicable □ Inapplicable

There is no affiliation between the company and its top five customers. There are no direct or indirect ownership interests held by the company's directors, supervisors, senior management personnel, core technical personnel, shareholders with more than 5% stake, actual controllers, or other related parties among its major clients.

Main suppliers

Purchase amount of top 5 suppliers (RMB)	696,070,749.42
Proportion of purchase amount of top 5 suppliers in the total annual purchase amount	18.26%
Percentage of purchasing amount of related parties in top 5 customers in the annual purchasing amount	0.00%

Information of the Company's top 5 suppliers

No.	Supplier	Purchase amount (RMB)	Percentage in the annual purchase amount
1	No.1	212,485,537.87	5.57%
2	No.2	158,212,697.29	4.15%
3	No.3	123,505,852.25	3.24%
4	China Construction Science &	106,666,024.41	2.80%

	Industry Corporation Limited		
5	No.5	95,200,637.60	2.50%
Total	--	696,070,749.42	18.26%

Other information about major suppliers

☑ Applicable □ Inapplicable

There is no affiliation between the Company and its top five suppliers. There are no direct or indirect ownership interests held by the Company's directors, supervisors, senior management personnel, core technical personnel, shareholders with more than 5% stake, actual controllers, or other related parties among its major suppliers.

3. Expenses

In RMB

	2023	2022	YOY change (%)	Notes
Sales expense	58,488,714.76	54,970,163.01	6.40%	
Administrative expense	174,674,755.81	157,138,338.83	11.16%	
Financial expenses	72,826,944.85	96,701,795.34	-24.69%	
R&D cost	180,070,801.25	161,812,913.02	11.28%	

4. R&D investment

☑ Applicable □ Inapplicable

R&D project name	Purpose	Progress	Objective	Expected impact on the future development of the Company
Research and development of new industrialized curtain wall system	Improve product quality, improve installation efficiency, improve construction safety and reduce energy consumption and construction energy consumption in the construction process.	Some projects have completed research and development, performance testing, and prototype production, and will be deployed in actual projects.	By enhancing standardization, modularization, and low-carbon product design, we aim to elevate the level of prefabricated construction development and building energy efficiency, maintaining a leading position in the industry.	This approach aligns with the national policies on low-carbon, energy efficiency, and environmental protection. By expanding the application scenarios of our products and improving our technological advantages in the industry, we will drive continuous company growth and enhance our market competitiveness.
Research and development of intelligent curtain wall system	Reduce energy consumption and improve the performance of intelligent products.	Some projects have completed research and development, performance testing, and prototype production, and will be deployed in actual projects.	By enhancing the level of system intelligence, we aim to reduce building energy consumption and meet the demands of the market.	This aligns with national policy guidelines and helps to improve the comfort of residential and workspaces while reducing building energy consumption. It holds promising market

				prospects and can adapt to the future development trends of building curtain walls.
Research and development of an integrated flexible intelligent production system	Improve production efficiency and adapt to customized production.	Scheme design in progress	Improve the automation and intelligence of production processes, increase production capacity, output and product quality, and reduce production costs.	Improve the automation and intelligence level of production equipment, comply with the concept of green factory and green production, ensure production capacity and product quality, and reduce manufacturing and management costs.
Research and development of a new generation of platform door control system for rail transit	Enhance product safety, reliability and availability to meet the advanced requirements of the core system.	Some projects have been completed	Optimize product system performance and maintain industry leadership.	Further enhance the design and manufacturing of platform door systems, enhance independent research and development capabilities, and enhance the company's market competitiveness in the field of platform doors.
Research and development of new generation full height platform door	Solve the problem of precise alignment between sliding doors and train doors under mixed driving conditions of multiple vehicle models.	R&D in progress	To provide safety protection support for high-speed rail/intercity bus operations and improve the efficiency of train organization.	Improving the design and manufacturing of the company's platform door system, expanding the application scenarios of the Company's products, is beneficial for the company to maintain its technological leadership advantage.
Research on metal plate forming methods and surface treatment processes	Improve processing efficiency and product quality.	Completed	Solve the problem of forming metal plates such as high-density punched plates and curved panels, and improve the surface treatment accuracy of metal plates.	Develop products that conform to the concept of green and environmentally friendly buildings, enhance industry technological leading advantages, and enhance competitiveness.

R&D personnel

	2023	2022	Change
R&D staff number	678	589	15.11%
R&D staff percentage	21.50%	20.19%	1.31%

Academic structure of R&D personnel			
Bachelor	394	368	7.07%
Master's degree	8	7	14.29%
Age composition of R&D personnel			
Under 30	242	249	-2.81%
30-40	273	227	20.26%

R&D investment

	2023	2022	Change
R&D investment amount (RMB)	180,070,801.25	161,812,913.02	11.28%
Investment percentage in operation turnover	4.20%	4.21%	-0.01%
Capitalization of R&D investment amount (RMB)	0.00	0.00	0.00%
Percentage of capitalization of R&D investment in the R&D investment	0.00%	0.00%	0.00%

Reasons and effects of major changes in the composition of R&D personnel of the Company

□ Applicable ☑ Inapplicable

Reason for the increase in the percentage of R&D investment in the business turnover

□ Applicable ☑ Inapplicable

Explanation of the increase in the capitalization of R&D investment

□ Applicable ☑ Inapplicable

5. Cash flow

In RMB

Item	2023	2022	YOY change (%)
Sub-total of cash inflow from business operations	4,318,247,194.04	3,570,297,784.48	20.95%
Sub-total of cash outflow from business operations	4,018,504,991.96	3,349,086,152.18	19.99%
Cash flow generated by business operations, net	299,742,202.08	221,211,632.30	35.50%
Sub-total of cash inflow generated from investment	375,640.16	2,909,289,689.63	-99.99%
Subtotal of cash outflows	118,940,749.97	3,000,271,914.92	-96.04%
Cash flow generated by investment activities, net	-118,565,109.81	-90,982,225.29	-30.32%
Subtotal of cash inflow from financing activities	2,876,228,738.64	1,670,354,493.21	72.19%
Subtotal of cash outflow from financing activities	3,063,841,135.33	1,917,379,871.34	59.79%
Net cash flow generated by financing activities	-187,612,396.69	-247,025,378.13	24.05%
Net increase in cash and cash equivalents	-4,016,810.64	-108,573,142.53	96.30%

Explanation of major changes in related data from the same period last year

☑ Applicable □ Inapplicable

During the reporting period, the Company's net cash flow from operating activities increased by 35.50% compared to the previous year. This increase was primarily due to the growth in net cash flow from operating activities of the smart curtain wall systems and new materials business. The net cash flow from investment activities decreased by 30.32% compared to the previous year. This decrease was mainly attributed to changes in net cash flow from investment activities related to financial investments. On the other hand, the net cash flow from financing activities increased by 24.05% compared to the previous year. This increase was mainly due to an increase in net cash flow from bank borrowings during the reporting period.

Explanation of major difference between the cash flow generated by operating activities and the net profit in the year

□ Applicable ☑ Inapplicable

V. Non-core business analysis

☑ Applicable □ Inapplicable

In RMB

	Amount	Profit percentage	Reason	Whether continuous
Investment income	-4,562,134.58	-1.44%		No
Gain/loss caused by changes in fair value	-28,534,518.77	-8.98%	Mainly due to adjustment of fair value of investment real estate	No
Assets impairment	6,020,287.93	1.89%	Mainly the provision for impairment of contract assets	No
Non-operating revenue	2,639,291.21	0.83%		No
Non-business expenses	1,376,476.43	0.43%		No
Credit impairment loss	-35,051,664.32	-11.03%	Mainly bad debt provision corresponding to accounts receivable	No

VI. Assets and Liabilities

1. Major changes in assets composition

In RMB

	End of 2023		Beginning of 2023		Change (%)	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,425,151,116.24	10.65%	1,238,754,216.50	9.72%	0.93%	
Account receivable	911,486,914.19	6.81%	832,292,348.17	6.53%	0.28%	
Contract assets	2,488,429,802.41	18.60%	2,158,860,658.43	16.94%	1.66%	
Inventory	755,624,486.51	5.65%	710,532,397.32	5.57%	0.08%	
Investment real estate	5,756,809,168.26	43.04%	5,760,517,577.11	45.20%	-2.16%	

Long-term share equity investment	54,757,017.40	0.41%	54,969,042.14	0.43%	-0.02%	
Fixed assets	620,828,178.38	4.64%	646,812,853.36	5.07%	-0.43%	
Construction in process	109,414,347.33	0.82%		0.00%	0.82%	
Use right assets	20,776,829.58	0.16%	19,449,693.40	0.15%	0.01%	
Short-term loans	2,208,055,039.21	16.51%	1,318,238,522.78	10.34%	6.17%	
Contract liabilities	198,164,209.47	1.48%	207,993,671.55	1.63%	-0.15%	
Long-term loans	660,000,000.00	4.93%	1,263,500,000.00	9.91%	-4.98%	
Lease liabilities	6,675,870.04	0.05%	6,907,456.55	0.05%	0.00%	
Non-current liabilities due in 1 year	64,135,136.46	0.48%	83,778,647.06	0.66%	-0.18%	

The proportion of overseas assets is relatively high

□ Applicable ☑ Inapplicable

2. Assets and liabilities measured at fair value

☑ Applicable □ Inapplicable

In RMB

Item	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Impairment provided in the period	Amount purchased in the period	Amount sold in the period	Other change	Closing amount
Financial assets								
1. Derivative financial assets	789,205.34							173,737.06
2. Investment in other equity tools	11,968,973.86	-11,968,973.86	-32,341,853.19					
3. Other non-current financial assets	7,507,434.68	-51,817.51						7,455,617.17
4. Receivable financing	1,338,202.01							6,979,428.14
Subtotal	21,603,815.89	-12,020,791.	-32,341,853.					14,608,782.37

		37	19						
Investment real estate	5,750,831,172.12	-28,482,701.26	63,887,326.00					25,223,700.45	5,747,572,171.31
Total	5,772,434,988.01	-40,503,492.63	31,545,472.81					25,223,700.45	5,762,180,953.68
Financial liabilities	293,400.00								0.00

Other change:

The increase in other changes is mainly due to the receipt of mortgaged properties as investment properties in the current period.

Major changes in the assets measurement property of the Company in the report period

□ Yes ☑ No

3. Right restriction of assets at the end of the period

Item	Book value on December 31, 2023 (RMB)	Reason
Monetary capital	645,489,997.82	Various deposits
Notes receivable	27,843,496.17	Bills endorsed or discounted but not yet due
Account receivable	38,094,032.45	Loan by pledge
Non-current assets due in 1 year	327,120,273.54	Loan by pledge
Fixed assets	43,108,073.24	Loan by pledge
Investment real estate	1,943,287,098.56	Loan by pledge
Equity pledge	200,000,000.00	100% stake in Fangda Property Development held by the Company
Total	3,224,942,971.78	

VII. Investment

1. General situation

☑ Applicable □ Inapplicable

Investment (yuan) in the report period	Investment (yuan) in the previous period	Change
69,500,000.00	500,000.00	13,800.00%

2. Major equity investment in the report period

□ Applicable ☑ Inapplicable

3. Major non-equity investment in the report period

☑ Applicable □ Inapplicable

In RMB

Project name	Method of	Whether it is	Industries	Investment	Actual invest	Capital source	Progress	Estimate	Accumulated	Reasons for	Date of	Index for

	investment	fixed assets investment	involved in investment projects	in the report period	ment by the end of the report period			return	income realized by the end of the reporting period	failing to reach the planned progress and expected income	disclosure	information disclosure
Fangda (Ganzhou) Low Carbon Intelligent Manufacturing Headquarters Base	Self-built	Yes	Mainly produce PVDF aluminum veneer, nano aluminum veneer and other new materials, smart curtain wall system, photovoltaic building integration system, aluminum alloy components, and precision steel components.	69,500,000.00	70,000,000.00	Self-owned fund	32.93%			--	December 17, 2022	Announcement on Investment and Construction of Fangda (Ganzhou) Low Carbon Intelligent Manufacturing Headquarters Base released on http://www.cninfo.com.cn/
Total	--	--	--	69,500,000.00	70,000,000.00	--	32.93%	--	--	--	--	--

4. Financial assets investment

(1) Securities investment

□ Applicable ☑ Inapplicable

The Company made no investment in securities in the report period

2. Derivative investment

☑ Applicable □ Inapplicable

1) Derivative investments for hedging purposes during the reporting period

☑ Applicable □ Inapplicable

In RMB10,000

Type	Initial investment amount	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Amount in this period	Amount sold in this period	Closing amount	Proportion of closing investment amount in the closing net assets in the report period
Shanghai aluminum	449.25	449.25	29.34	0.00	11,244.1	11,693.36	0.00	0.00%
Forward foreign exchange	3,087.95	3,087.95	-61.55	17.37	9,777.94	6,655.16	6,210.72	1.04%
Total	3,537.20	3,537.20	-32.21	17.37	21,022.04	18,348.52	6,210.72	1.04%
Accounting policies and specific accounting principles of hedging business during the reporting period, as well as whether there are significant changes compared with the previous reporting period	The aluminum futures and forward foreign exchange businesses of the Company meet the applicable conditions of hedge accounting specified in the accounting standards and are applicable to hedge accounting, which are classified as cash flow hedging. The corresponding accounting policies and accounting principles have not changed from the previous reporting period.							
Description of actual	The actual income of the aluminum futures hedging instrument and the spot value change of the hedged aluminum ingot in the reporting period is RMB306,400; The gains and losses arising from forward foreign exchange hedging							

profit and loss during the reporting period	instruments offset the value changes of the hedged items due to exchange rate fluctuations.
Description of hedging effect	The profit and loss generated by the company's hedging instrument can offset the value change of the hedged item, and the hedging effect of the hedging business is good.
Capital source	Self-owned fund
Risk analysis and control measures for the derivative holding in the report period (including without limitation market, liquidity, credit, operation and legal risks)	The aluminum futures hedging and foreign exchange derivatives trading businesses carried out by the Company are derivative investment businesses. The derivative investment business carried out by the Company follows the basic principle of locking the price and exchange rate of raw materials, does not carry out speculative trading operations, and carries out strict risk control when signing hedging contracts and closing positions. The Company has established and implemented the "Derivatives Investment Business Management Measures" and "Commodity Futures Hedging Business Internal Control and Risk Management System". It has made clear regulations on the approval authority, business management, risk management, information disclosure and file management of derivatives trading business, which can effectively control the risk of the Company's derivatives holding positions.
Changes in the market price or fair value of the derivative in the report period, the analysis of the derivative's fair value should disclose the method used and related assumptions and parameters.	Fair value of derivatives are measured at open prices in the open market
Lawsuit (if any)	No
Disclosure date of derivative investment approval by the Board	October 30, 2023

of Directors	
Opinions of independent directors on the Company's derivative investment and risk controlling	The Company carries out the hedging business of commodity futures, which can effectively prevent and resolve the operational risks caused by commodity price fluctuations, make full use of the hedging function of the futures market, and avoid the adverse impact that the large fluctuation of commodity prices may bring to the Company's operation. There is no speculative operation, which is in the interests of the Company and all shareholders. The Company has set up the Internal Control and Risks Management Regulations for Commodity Futures Hedging. It strengthens internal control and prevent risks, and provides the detailed operation procedures for the Company's hedging business. The relevant examination and approval procedures for the Company to use its own funds to carry out hedging business in the commodity futures markets comply with relevant national laws, regulations and the relevant provisions of the *Articles of Association*. The relevant approval procedures for the Company's foreign exchange derivatives trading business comply with relevant national laws, regulations and the relevant provisions of the *Articles of Association*. The Company has formulated the *Management Measures for Derivatives Investment Business*, which is conducive to strengthening the risk management and risk control of the Company's foreign exchange derivatives transactions. The Company's foreign exchange derivatives trading business follows the principles of legality, prudence, safety and effectiveness, and the Company does not carry out foreign exchange transactions solely for profit. All foreign exchange derivatives trading businesses are based on normal production and operation, rely on specific business operations, and aim at avoiding and preventing exchange rate risks, which meet the needs of the Company's business development. There is no speculative operation or situation that damages the interests of the company and all shareholders, especially minority shareholders. Based on the above, the independent directors have agreed for the Company to continue conducting futures hedging and foreign exchange derivative trading business.

2) Derivative investment for the purpose of speculation during the reporting period

□ Applicable ☑ Inapplicable

During the reporting period, there was no derivative investment for the purpose of speculation.

5. Use of raised capital

□ Applicable ☑ Inapplicable

The Company used no raised capital in the report period.

VIII. Major assets and equity sales

1. Major assets sales

□ Applicable ☑ Inapplicable

The Company sold no assets in the report period.

2. Major equity sales

□ Applicable ☑ Inapplicable

IX. Analysis of major joint stock companies

☑ Applicable □ Inapplicable

Major subsidiaries and joint stock companies affecting more than 10% of the Company's net profit

In RMB

Company	Type	Main business	Registered capital	Total assets	Net assets	Turnover	Operation profit	Net profit
Fangda Jianke	Subsidiaries	Curtain wall system and materials	600,000,000.00	5,698,648,856.88	1,764,287,465.91	3,181,964,347.35	134,299,415.85	129,228,799.62
Fangda Zhiyuan	Subsidiaries	Subway screen door and service	105,000,000.00	915,436,514.17	390,100,770.03	543,639,357.42	119,701,258.41	114,071,193.87
Kechuangyuan	Subsidiaries	Subway screen door and service	5,000,000.00	39,577,375.38	36,364,300.85	34,523,537.50	32,242,127.95	27,757,208.10

Acquisition and disposal of subsidiaries in the report period

☑ Applicable □ Inapplicable

Company	Acquisition and disposal of subsidiaries in the report period	Impacts on overall production, operation and performance
Shenzhen Fangda Jianchuang Technology Co., Ltd.	Newly set	None

X. Structural entities controlled by the Company

□ Applicable ☑ Inapplicable

XI. Future Prospect

(1) Competition map and development trned

1. Smart curtain wall and material system industry

National implementation of science and technology innovation to promote industrial innovation a series of initiatives for the curtain wall industry to bring new opportunities for industry chain optimization and upgrading, artificial intelligence, big data and other digital technology depth of application, will drive the building curtain wall industry to high-end, green, intelligent transformation and upgrading, injecting new kinetic energy for the development of the industry. Guangdong, Hong Kong and Macao Bay Area, Yangtze River Delta and other economic development advantageous areas of high-quality development power is stronger, the accelerated pace of construction of regional center cities, the construction of urban supporting infrastructure will also play a role in promoting the development of the building curtain wall industry. The accelerated construction of the national unified market has provided more market opportunities for the industry's leading enterprises. The high-quality construction of "One Belt, One Road" is going deeper and deeper, creating a favorable market environment for enterprises to expand overseas markets.

2. Rail transport screen door business

As an advanced mode of transportation, rail transit has many advantages such as fast, efficient, low carbon and environmental protection, which have increasingly become the consensus of the society and are supported by national industrial policies. From the perspective of the global urban rail transit industry, the construction of urban rail transit in emerging countries and regions is in the ascendant, while the rail transit systems of major cities in developed countries are constantly being updated and upgraded. From the perspective of domestic urban rail transit industry, in recent years, the urbanization development strategy at the national level has also continuously injected power into the urban rail transit industry. Some large cities have successively built a number of rail transit projects, which has significantly improved the urban traffic situation and played an important role in giving full play to urban functions, improving the environment and promoting economic and social development. The Draft Outline of the Fourteenth Five-Year Plan and the Long-term Goals for 2035 proposes to speed up the construction of a powerful transportation country. It is expected that China will add 3000 kilometers of urban rail transit operating kilometers, 3000 kilometers of intercity railways and urban (suburban) railways during the "Fourteenth Five-Year Plan", and the total investment completed is expected to exceed 3 trillion yuan.

3. New energy industry

Currently, carbon neutrality has become a global consensus for sustainable development. Guided by the "dual carbon" strategy and supported by national policies in China, the photovoltaic power generation industry has entered a new stage of high-quality development. As a green and environmentally friendly power generation method, the Company's distributed photovoltaic power stations will leverage its industrial advantages to undertake the construction of photovoltaic power stations and promote the business of building-integrated photovoltaics (BIPV) based on market conditions. This will drive the high-quality development of the new energy industry.

4. Commercial real estate industry

In 2024, the main theme of China's real estate market regulation is safety, stability, and development. With continuous policy efforts, confidence in the real estate market is gradually strengthening, and the socio-economic situation is steadily improving. Regional differentiation will bring new development opportunities to the Guangdong-Hong Kong-Macao Greater Bay Area. The industry has matured, and it has strong population attractiveness. There is a strong demand in the real estate market. The integration of Shenzhen and Hong Kong is continuously progressing, indicating that the Shenzhen market still holds great potential in the future.

(2) Company development strategy and business plan

In 2024, the Company will focus on the management theme of "strengthening the foundation and forging ahead". It will maintain a high sense of responsibility and urgency, continue to solidify its core business, and consolidate existing advantageous markets. Through technological innovation, process upgrades, digital empowerment, and other means, the company will take advantage of new productive forces. It will actively seize the commanding heights in the future curtain wall industry and railway transit platform screen door industry. In line with the annual operational goals, the Company will comprehensively carry out the following key tasks:

(1) Increase innovation efforts to enhance company competitiveness.

The Company must have a strong sense of crisis, realizing that not progressing means falling behind, and fully promote innovation work. Leveraging the characteristics of its business, the Company will drive industrial innovation through technological innovation, transform technological achievements into practical applications in the company's value chain, accelerate the upgrading of industries toward higher-end, intelligent, and green development, and continuously promote the high-quality development of the company. It will strive to create new productive forces in line with the Fangda model, contributing to the accelerated formation of new productive forces. Deeply contemplate the direction of management innovation, explore innovative measures for business models, and further enhance the Company's competitiveness. Fully utilize existing customer and project resources, expand higher value-added businesses along the resource chain, and find breakthroughs in product, technology, service, and business model innovation. Strengthen the learning and application of advanced technologies such as AI, utilizing them to improve production efficiency. Enhance cooperation with external institutions such as universities and research institutes, leveraging external resources to facilitate technological innovation. Furthermore, as part of the vision of "Digital Fangda," the company will focus on "cost reduction, efficiency enhancement, quality improvement, and innovation" as objectives, carry out digital construction, and empower the Company's management and industrial development through digital means.

(2) Make every effort to seize high-quality orders and strengthen risk control from the source.

Although the Company saw good growth in new orders in 2023, the imbalances in market distribution are still prominent, and further optimization of the order structure is needed. Continue to focus on key clients and projects, improve negotiation and bargaining capabilities, and secure higher-quality orders. While maintaining stability in the domestic market, increase efforts and accelerate progress in expanding into key overseas areas and exploring new markets. Strengthen team building and talent development for overseas business personnel, enhance knowledge and understanding of local laws and regulations, standardize operations, and manage risks effectively.

(3) Take effective measures to strengthen accounts receivable management.

Enhance contract quality and continually strengthen contract and project schedule management while ensuring effective supervision of the payment plan implementation. Implement a settlement and payment responsibility system, establish clear reward and punishment mechanisms, and adopt multiple measures to promote project settlements. Improve measures for controlling and monitoring payment collection processes and lay a solid foundation. Adhere to the "zero tolerance" policy and perform well in on-going project payment collection. For customers who fail to make timely and full payments as agreed in the contracts, issue timely warnings and take decisive actions to protect the interests of the Company.

(4) Strengthen talent reserve and optimize human resources management.

Coordinate efforts to ensure the construction of a talented workforce, with a focus on reserving and cultivating exceptional individuals, particularly those suitable for overseas assignments. Maintain strict quality control in the recruitment process to ensure that outstanding talents who meet business requirements are brought in, promoting a younger talent structure. Implement tailored strategies for each department, improve standardized systems for compensation and performance evaluation, inspire and mobilize employees' potential and enthusiasm for work, and establish long-term human resources development plans.

(3) Capital demand and source for projects in progress

To realize the business target in 2024, the Company will develop suitable financial and capital plans, accelerate the collection of accounts receivable, sales payment from sales of Fangda Town, expand financing channels, and use share issuance, bank loans and other financing products to meet the demand for capital.

(4) Risks

1. Risks of macro environment and policy changes

The Company's main business segments are closely related to macroeconomic and industrial policies and are greatly affected by the overall macro environment. The year 2024 is a year in which the Company takes significant strides towards the global market. If there are adverse changes in the international and domestic macroeconomic environment, slow economic development and reduced investment in fixed assets in the future, which will affect the demand of public building curtain wall industry and rail transit equipment industry, or face industry depression or excessive competition, which will have an adverse impact on the Company's future profitability, even project delay or suspension, deferred payment of projects under construction, etc, thus affecting the Company's operating performance.

In order to better cope with the opportunities and challenges brought by changes in the economic environment and policies, the Company will pay close attention to the changes in the macroeconomic and policy situation at home and abroad, timely adjust the Company's business strategy, further enhance the product competitiveness and operation and management ability, improve the market share, and deal with the risks brought by changes in the macro environment and policies.

2. Market competition risks

In the rail transit PSD market, the technology of other domestic manufacturers is becoming more and more mature, and the company may face the risk of intensified market competition. If the Company cannot maintain a leading position in the market, it will have a certain adverse impact on the development and benefits of the Company's rail transit PSD business. In this regard, the Company will continue to adopt a stable business policy, improve the competitive advantage of products through technological innovation and fine management, accelerate the return of funds, and improve the operation efficiency and market competitiveness of the Company.

In this regard, the Company will continue to adopt a stable business policy, improve the competitive advantage of products through technological innovation and fine management, accelerate the return of funds, and improve the operation efficiency and market competitiveness of the Company. While consolidating the domestic market, the Company will step up the efforts in exploring overseas markets, thus elevating our competitiveness in global markets and improving our resistance to risks.

3. Production and operation risks

The macro-economy and market demand have added to the fluctuation in prices of main raw materials and labor, affecting the Company's profitability and creating additional production and operation risks for the Company.

The Company will hedge and transfer the price fluctuation risk of some raw materials by using futures product hedging, negotiating with partners to supplement the contract amount, reasonably arranging material procurement plan and other measures; The Company implements a strict supplier management mechanism, actively improves the scientific and technological level of production management, increases technology research and development, is committed to process improvement, landing smart factories, improves the automation and intelligence of production equipment, and reduces the loss of raw materials. The Company will continue to promote intelligent and digital construction system, widely apply new technologies and processes, strengthen staff skill training, and improve quality and efficiency on the basis of ensuring safety.

4. Management risks

In recent years, with the expansion of the Company's business scale and the increase of the number of subsidiaries, the daily management of the company is becoming more and more difficult, which may face the management risk of industrial scale expansion. In addition, in recent years, the regulatory requirements for listed companies have been continuously improved and deepened. The Company needs to further strengthen management, continue to promote management reform, constantly optimize process and organizational structure, improve various rules and regulations, and vigorously introduce high-quality, highly skilled and multidisciplinary technology and management talents, gradually optimize the allocation of human resources, optimize the echelon structure, and effectively reduce the management risks brought by business development.

XII. Reception of investigations, communications, or interviews in the reporting period

☑ Applicable □ Inapplicable

Time/date	Place	Way	Visitor	Visitor	Main content involved and materials provided	Disclosure of information
March 9, 2023	Network platform	Online communication on online platforms	Others	Investors participating in the Company's 2022 Performance Presentation	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
March 14, 2023	Meeting room	Onsite investigation	Institution	Haitong Securities: Cao Youcheng	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
July 24, 2023	Meeting room	Onsite investigation	Institution	Xiangcai Securities: Li Junhui, Xiaozhong Capital: Liang Xing, Zhejiang Merchants Futures: Li Bangfei, Dexun Securities: Zhu	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn

				Xiaofei, Cai Manqiang, Guochuang Lianxing: Li Xianhong		
July 26, 2023	Meeting room	Onsite investigation	Institution	Huatai Securities: Fang Yanhe, Wang Xijie	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
	Online	Others	Institution	Hua'an Fund: Liu Changchang and Li Zhenxing	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
September 21, 2023	Meeting room	Onsite investigation	Institution	Great Wall Securities: Wang Long	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
November 15, 2023	http://rs.p5w.net/	Online communication on online platforms	Others	Investors participating in the Company's collective reception day	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
December 1, 2023	Meeting room	Onsite investigation	Institution	Guolian Securities: Wu Huidong	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn

XIII. Implementation of the Action Plan for "Double Improvement of Quality and Return"

(1) Has the Company disclosed an action plan for "Double Improvement of Quality and Return".

□ Yes ☑ No

(2) Implement measures to improve the Company's investment value

1、 Focus on core business and pursue high-quality development

Over the past 30 years, the Company has devoted its efforts to excel in its core business and has become a leading enterprise in China's high-end intelligent curtain wall industry and rail transit platform screen door industry. The Company's main products, intelligent curtain walls and rail transit platform screen door systems, have become global industry benchmarks. Fangda's comprehensive strength in intelligent curtain walls places it at the forefront, while Fangda's rail transit platform screen door system has been recognized as a "Manufacturing Industry Single-item Champion Product" by the Ministry of Industry and Information Technology. The Company's operating revenue has grown continuously, reaching RMB4,292,204,700 in 2023, an increase of 11.57% compared to the same period the previous year. By the end of 2023, the Company's order backlog amounted to RMB9,269,790,600 (excluding pre-sales of commercial real estate), representing a growth of 17.52% compared to the same period the previous year. This backlog is 2.16 times the Company's operating revenue, laying a solid foundation for its sustained high-quality development. In the future, the Company will continue to focus on and strengthen its core business, striving to create value for shareholders in a practical and solid manner.

2、 Continue to invest in research and development to drive growth through innovation

The Company adheres to the business philosophy of "technology-based innovation" and the scientific and technological innovation development path. Its independent innovation capabilities and technology level has always been at the forefront of domestic similar enterprises. The Company currently has 7 national high-tech enterprises, 6 "specialized and innovative" enterprises, 2 "national intellectual property advantageous enterprises," and 2 provincial-level engineering technology research centers. By continuously investing in the research and development of new technologies, processes, and materials, we aim to enhance the company's market competitiveness. Through digitalization and intelligentization, we will introduce advanced management concepts and methods, continuously improving our enterprise management system and enhancing management efficiency and effectiveness. During the reporting period, the company invested RMB180 million in research and development, representing an increase of 11.28% compared to the previous year. This accounted for 4.20% of the Company's operating revenue. In the future, the Company will continue to strengthen its research and development efforts, leveraging technological innovation to drive industrial innovation. We will apply the results of scientific and technological innovation to our industrial chain, accelerating the high-end, intelligent, and green upgrades of our industries. By cultivating and developing new productive forces, we aim to continuously enhance the company's competitiveness and profitability, promoting high-quality development and rewarding shareholders.

3、 Actively implement profit distribution and continuously return value to shareholders

The Company is dedicated to enhancing shareholder returns and protecting the rights and interests of small and medium-sized shareholders. The Company has implemented a policy of continuous and stable profit distribution, which takes into consideration the overall business performance, financial position, and development goals of the company, while emphasizing returns to shareholders.

In 2023, the Company's revenue continued to grow, and construction began on the Ganzhou production base. While ensuring the normal operation and sustainable long-term development of the company, we will continue to strive for a dynamic balance between the development of our core business and returns to shareholders. The proposed profit distribution plan for the year 2023 is to distribute a cash dividend of RMB0.80 (including tax) per 10 shares to all shareholders. The total cash dividend to be distributed is RMB85,909,938.16. The cash dividend amount accounts for 31.50% of the net profit attributable to shareholders of the listed company, which is a further increase compared to the cash dividend ratios of 18.98% and 24.17% in 2022 and 2021, respectively. Since its listing, the Company has cumulatively distributed cash dividends and repurchased shares with a total amount of 1.658 billion yuan (including the cash dividend amount for 2023), which is approximately 118% of the cumulative funds raised. In the future, the Company will continue to uphold the principle of returning value to investors and actively share the dividends of development through high-quality corporate growth. We are committed to continuously rewarding shareholders.

4、 Meet investor demand and effectively convey corporate value

We strictly adhere to laws, regulations, and regulatory requirements, ensuring that our information disclosure remains truthful, accurate, complete, timely, and fair. We adhere to an investor-oriented approach to information disclosure, continuously improving the quality of information disclosure. In 2023, we received an "A" rating (excellent) for information disclosure from the Shenzhen Stock Exchange. We will continue to fulfill our information disclosure obligations with high quality, highlighting the importance and relevance of information disclosure. We proactively disclose useful information for investors' investment decisions, emphasizing key information related to industry competition, company operations, and risk factors while reducing redundant disclosures. We attach great importance to investor relationship management and continually strengthen communication with investors. We will continue to communicate with investors through various channels, deepening their understanding of our production and operations. By better conveying the company's investment value, we aim to enhance investors' identification with the Company and foster market confidence.

Chapter IV Corporation Governance

I. Overview

During the reporting period, the Company strictly adhered to the requirements of relevant laws, regulations, and normative documents, such as the *Company Law*, *Securities Law*, *Measures for the Administration of Independent Directors of Listed Companies*, and *Guidelines for Corporate Governance of Listed Companies*. We continuously optimized the corporate governance structure, established and improved the internal control system and various internal management systems. We fully utilized the participation of independent directors in decision-making, supervisory checks and balances, and professional consultation roles. We clarified the responsibilities and authority in decision-making, execution, and supervision, forming an effective division of responsibilities and a system of checks and balances. We constantly promoted standardized operation levels and safeguarded the interests of investors and the company.

Any significant difference between the actual situation of corporate governance and the laws, administrative regulations and the provisions on the governance of listed companies issued by the CSRC

□ Yes ☑ No

There is no significant difference between the actual situation of corporate governance and the laws, administrative regulations and the provisions on the governance of listed companies issued by the CSRC.

II. The independence of the Company relative to the controlling shareholders and actual controllers in ensuring the company's assets, personnel, finance, institutions, business, etc

(1) In the aspect of business: the Company has its own purchasing, production, sales, and customer service system which performing independently. There is not any material related transactions occurred with the controlling shareholders.

(2) In personnel, the labor management, personnel and salary management are operated independently from the controlling shareholder. The senior managements take salaries from the Company and none of them takes senior management position in the controlling party.

(3) In assets, the Company owns its production, supplementary production system and accessory equipments independently, and possesses its own industrial properties, non-patent technologies, and trademark.

(4) In organization, the production and business operation, executive management, and department setting are completely independent from the controlling shareholder. No situation of combined office exists. The Company adjusts its organizing structure only for its own practical requirement of development and management.

(5) In accounting, the company has its own independent accounting and auditing division, established independent and completed accounting system and management rules, has its own bank account, and exercise its liability of taxation independently.

III. Competition

□ Applicable ☑ Inapplicable

IV. Annual and extraordinary shareholder meetings held during the report period

1. Annual shareholder meeting during the report period

Meeting	Type	Participation of	Date	Date of disclosure	Meeting resolution

		investors			
2022 Annual Shareholder Meeting	Annual shareholders' meeting	25.46%	March 20, 2023	March 21, 2023	Please refer to the information published on http://www.cninfo.com.cn *Announcement on the Resolution of the 2022 General Meeting of Shareholders of China Fangda Group Co., Ltd.*

2. Shareholders of preference shares of which voting right resume convening an extraordinary shareholders' meeting

□ Applicable ☑ Inapplicable

V. Particulars about the Directors, Supervisors, and Senior Management

1. Profiles

Name	Gender	Age	Position	Job status	Starting date of the term	End date of the term	Number of shares held at beginning of the period	Increased shares in this period (share)	Decreased shares in this period (share)	Other increase and decrease (share)	Number of shares held at end of the period	Reasons
Xiong Jianming	M	66	Chairman	In office	November 20, 1995	March 19, 2026	5,110,257	0	0	0	5,110,257	Inapplicable
Xiong Xi	M	41	Chairman, President	In office	March 20, 2023	March 19, 2026	0	0	0	0	0	Inapplicable
Xiong Jianwei	M	55	Director	In office	April 16, 1999	March 19, 2026	0	0	0	0	0	Inapplicable
Lin Kebin	M	46	Director	In office	April 11, 2017	March 19, 2026	0	0	0	0	0	Inapplicable
Lin Kebin	M	46	Vice president	In office	June 6, 2008	March 19, 2026	0	0	0	0	0	Inapplicable
Cao Zhongxiong	M	45	Independent director	In office	May 8, 2020	March 19, 2026	0	0	0	0	0	Inapplicable
Zhan Weizai	M	59	Independent directo	In office	March 20, 2023	March 19, 2026	0	0	0	0	0	Inapplicable

			r									
Song Ming	F	45	Independent director	In office	January 8, 2024	March 19, 2026	0	0	0	0	0	Inapplicable
Cao Naisi	F	45	Supervisory Committee meeting convener	In office	March 20, 2023	March 19, 2026	0	0	0	0	0	Inapplicable
Fan Xiaodong	M	37	Supervisor	In office	May 8, 2020	March 19, 2026	8,800	0	0	0	8,800	Inapplicable
Ye Zhiqing	M	49	Supervisor	In office	March 20, 2023	March 19, 2026	29,000	0	0	0	29,000	Inapplicable
Wei Yuexing	M	55	Vice president	In office	July 29, 2011	March 19, 2026	0	0	0	0	0	Inapplicable
Dong Gelin	M	45	Vice president	In office	March 20, 2023	March 19, 2026	0	0	0	0	0	Inapplicable
Xiao Yangjian	M	39	Secretary of the Board	In office	June 23, 2020	March 19, 2026	0	0	0	0	0	Inapplicable
Zhou Zhigang	M	61	Director	Resigned	April 9, 2007	March 20, 2023	0	0	0	0	0	Inapplicable
Zhou Zhigang	M	61	Vice president	Resigned	April 11, 2017	March 20, 2023	0	0	0	0	0	Inapplicable
Guo Jinlong	M	62	Independent director	Resigned	April 11, 2017	March 20, 2023	0	0	0	0	0	Inapplicable
Huang Yaying	M	61	Independent director	Resigned	May 8, 2020	January 8, 2024	0	0	0	0	0	Inapplicable
Dong Gelin	M	45	Supervisory Committee meeting convener	Resigned	December 28, 2018	March 20, 2023	0	0	0	0	0	Inapplicable
Total	--	--	--	--	--	--	5,148,057	0	0	0	5,148,057	--

During the reporting period, whether there was any resignation of directors and supervisors and dismissal of senior managers during their term of office

□ Yes ☑ No

Changes in the Directors, Supervisors and Senior Executives

☑ Applicable □ Inapplicable

Name	Job	Type	Date	Reason
Xiong Xi	Chairman, President	Elected	March 20, 2023	Re-elected
Zhan Weizai	Independent director	Elected	March 20, 2023	Re-elected
Song Ming	Independent director	Elected	January 8, 2024	By election due to the resignation of independent director Huang Yaying
Cao Naisi	Supervisory Committee meeting convener	Elected	March 20, 2023	Re-elected
Ye Zhiqing	Supervisor	Elected	March 20, 2023	Re-elected
Dong Gelin	Vice president	Engaged	March 20, 2023	Re-elected
Zhou Zhigang	Director, vice president	Leaving office	March 20, 2023	Office term expires
Guo Jinlong	Independent director	Leaving office	March 20, 2023	Office term expires
Huang Yaying	Independent director	Resigned	January 8, 2024	Resigned due to personal reason
Dong Gelin	Supervisory Committee meeting convener	Leaving office	March 20, 2023	Office term expires

2. Office Description

Professional background, work experience and main duties in the Company of existing directors, supervisors and senior management

1. Mr. Xiong Jianming: Ph.D. in Business Administration Philosophy, Senior Engineer, Founder of the Company, and currently Chairman of the Company. He is a deputy to the 13th and 14th National People's Congress, a member of the sixth session of the China Society for Promotion of the Guangcai Program, the president of the Gan Merchants Association, and the chairman of the Federation of Industry and Commerce of Nanshan District, Shenzhen. Previously worked at Jiangxi Machinery Industry Design and Research Institute, Shenzhen Municipal People's Government Shekou District Management Bureau, and other units. Served as a representative of the 10th Guangdong Provincial People's Congress, a member of the 11th Jiangxi Provincial Political Consultative Conference, a representative of the 4th Party Congress of the Communist Party of China in Shenzhen, a representative of the 2nd, 3rd, and 6th Shenzhen Municipal People's Congress, a member of the 5th Shenzhen Municipal Political Consultative Conference, and the founding president of the Shenzhen Semiconductor Lighting Promotion Association.

2. Mr. Xiong Xi: Master's student, currently serving as a director and president of the Company, Chairman of Fangda Zhiyuan Technology Company, and member of the 7th Shenzhen Municipal Committee of the Chinese People's Political Consultative Conference. He has served as a database engineer of China Merchants Bank Co., Ltd, deputy director of the Company's Technical Information Department, deputy director of the Human Resources Department and assistant to the president, deputy general manager of Shenzhen Fangda Jianke.

3. Mr. Xiong Jianwei: Master of business administration. Now he is the director of the Company, chairman of Fangda Jianke company, and member of the 14th Nanchang CPPCC Standing Committee.

4. Mr. Lin kebing: Bachelor degree. He is now the director and vice president of the Company. He was once the financial director of the Company.

5. Mr. Cao Zhongxiong: doctor, now is an independent direction of the Company, the executive director of New Economy Research Institute of comprehensive development and Research Institute (Shenzhen, China), engaged in research and consulting work on new economy and corporate strategy. He used to be a technician of China Chemical Group Bluestar Detergent Co., Ltd.

and the executive director of the New Economy Research Institute of the Comprehensive Development Research Institute (Shenzhen, China).

6. Zhan Weizai: doctor, senior accountant. He is currently an independent direction of the Company, chairman of Shenzhen Jiangcairen Education Management Co., Ltd., the supervisor of Shenzhen Devo Industrial Development Co., Ltd., Shenzhen Devo Investment Development Co., Ltd., the director of Tianyin Communication Holdings Co., Ltd., the independent director of Shenzhen Weiye Decoration Group Co., Ltd., Shenzhen Changying Precision Technology Co., Ltd., Chongqing Zijian Electronics Co., Ltd., visiting professor of the School of Economics and Management of Wuhan University, the School of Mathematics and Statistics of Central China Normal University, part-time tutor of Jiangxi University of Finance and Economics. He used to be the deputy general manager of Hua'an Insurance Asset Management Center.

7. Ms. Song Ming: Doctor of Laws, currently an independent director of the Company, Executive Director of the Research Center for SAR Legislation of Shenzhen University, Director of the Department of Constitutional and Administrative Law of the School of Law of Shenzhen University, Director of the Research Center for the Administrative Rule of Law of Shenzhen University, and Executive Director of the Shenzhen Law Society, Chairman of the Research Society for the Study of Administrative Law of the Shenzhen Law Society, Invited Supervisor of the Shenzhen Municipal Party Committee of Political and Legal Affairs, and Expert Juror of the Shenzhen Administrative Trial Center. She also serves as an invited supervisor of the Shenzhen Municipal Committee of Political and Legal Affairs, and an expert juror of the Shenzhen Administrative Trial Center.

8. Ms. Cao Naisi: Bachelor's degree, intermediate economist, currently the convenor of the Supervisory Committee of the Company and the deputy general manager of Fangda Jianke. She once served as the securities affairs representative of the Company, the director of the audit and supervision department, the deputy director of the human resources department, the general manager of Fangda Jianke Beijing Branch, the general manager of Fangda Jianke South China Branch and so on.

9. Mr. Fan Xiaodong: Bachelor degree, major in law. He joined the legal department of the Company in 2011. He is now the supervisor and vice minister of the legal department of the Company.

10. Mr. Ye Zhiqing: Bachelor's degree, currently a supervisor of the Company, general manager of Fangda Real Estate Company and chairman of the supervisory committee of Fangda Zhiyuan Technology Company. He has served as the vice president of the Design Institute of Fangda Construction Technology, the assistant to the general manager of Fangda Construction Technology, and the general manager of Fangda Construction Technology Shanghai Branch.

11. Mr. Wei Yuexing: Undergraduate, Senior Engineer, currently Vice President of the Company and General Manager of Fangda Jianke.

12. Mr. Dong Green: Bachelor's degree, Senior Engineer, currently Vice President of the Company, Deputy to the Eighth National People's Congress of Nanshan District, Shenzhen. He has served as a supervisor of the Company, a designer of Fangda Construction Engineering Company, a chief engineer of a design institute, a general manager of Fangda Construction Engineering Beijing Branch, and a deputy general manager of Fangda Construction Engineering.

13. Mr. Xiao Yangjian: Master's degree holder, currently the secretary of the Board of Directors of the Company. He once served as deputy general manager and Secretary of the board of directors of Shenzhen Xiongtao Power Technology Co., Ltd. and deputy general manager and Secretary of the board of directors of Shenzhen Guangfeng Technology Co., Ltd.

Offices held at shareholders entitie

☑ Applicable □ Inapplicable

Name	Shareholder entity	Office	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Xiong Jianming	Shengjiu Investment Ltd.	Director	October 6, 2011		No
Wei Yuexing	Gong Qing Cheng Shi Li He Investment	Executive partner	December 20, 2016		No

	Management Partnership Enterprise (limited partner)				
Office description	No				

Offices held at other entities

☑ Applicable □ Inapplicable

Name	Entity name	Position held in another entity	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Xiong Jianming	Jiangxi Business Innovative Property Joint Stock Co., Ltd.	Director	January 10, 2018		No
Xiong Jianming	Gongqing City Shengtai Investment Partnership (Limited Partnership)	Executive partner	December 1, 2022		No
Cao Zhongxiong	General Development Research Institute (Shenzhen, China)	Director of Institute of Digital Strategy and Economics	January 1, 2022		Yes
Zhan Weizai	Shenzhen Dewo Industrial Development Co., Ltd.	Supervisor	June 1, 2010		Yes
Zhan Weizai	Shenzhen Jiangcai Education Management Co., Ltd.	Chairman	July 1, 2017		No
Zhan Weizai	Shenzhen Dewo Investment Development Co., Ltd.	Supervisor	June 1, 2012		No
Zhan Weizai	Weiye Construction Group Co., Ltd.	Independent director	September 3, 2018		Yes
Zhan Weizai	Shenzhen Everwin Precision Technology Co, Ltd.	Independent director	May 15, 2020		Yes
Zhan Weizai	Chongqing Zijian Electronics Co., Ltd.	Independent director	October 18, 2019		Yes
Zhan Weizai	Telling Telecommunication Holding Co., Ltd.	Director	November 26, 2021		Yes
Zhan Weizai	Guangdong Huilai Rural Commercial Bank Co., Ltd.	Supervisor	July 29, 2020		Yes
Song Ming	Law School of	Director of the	April 3, 2017		Yes

	Shenzhen University	Center for Administrative Rule of Law Research			
Office description	No				

Penalties given by existing securities regulators on directors, supervisors and senior management and those who have resigned in the report period

□ Applicable ☑ Inapplicable

III. Remunerations of the Directors, Supervisors and Senior Executives

Decision making procedures, basis and actual payment of remunerations of the Directors, Supervisors and Senior Executives

1. Remuneration schemes for directors and supervisors are proposed by the Remuneration and Assessment Committee of the Board, and implemented upon approval of the Board and the Shareholders' Meetings; the remuneration schemes for executives are approved and implemented by the Board.

The remuneration scheme for directors and supervisors of the Company shall be determined by the shareholders' general meeting, while the compensation scheme for senior executives shall be determined by the Board of Directors. Additionally, the remuneration and assessment committee of the Board of Directors shall review the actual payment of remuneration on an annual basis.

Remunerations of the Directors, Supervisors and Senior Executives of the Company During the reporting period

In RMB10,000

Name	Gender	Age	Position	Job status	Total remuneration	Remuneration from related parties
Xiong Jianming	M	66	Chairman	In office	224.76	No
Xiong Xi	M	41	Chairman, President	In office	166.30	No
Xiong Jianwei	M	55	Director	In office	118.28	No
Lin Kebin	M	46	Director, vice president	In office	120.15	No
Cao Zhongxiong	M	45	Independent director	In office	8.00	No
Zhan Weizai	M	59	Independent director	In office	6.26	No
Cao Naisi	F	45	Supervisory Committee meeting convener	In office	63.76	No
Fan Xiaodong	M	37	Supervisor	In office	48.71	No
Ye Zhiqing	M	49	Supervisor	In office	61.50	No
Wei Yuexing	M	55	Vice president	In office	115.60	No
Dong Gelin	M	45	Vice president	In office	78.08	No
Xiao Yangjian	M	39	Secretary of the Board	In office	73.61	No
Zhou Zhigang	M	61	Director, vice president	Resigned	19.47	No
Guo Jinlong	M	62	Independent director	Resigned	1.74	No
Huang Yaying	M	61	Independent director	Resigned	8.00	No

Total	--	--	--	--	1,114.22	--

Other matters

□ Applicable ☑ Inapplicable

VI. Performance of directors during the report period

1. Board of Directors in the reporting period

Meeting	Date	Date of disclosure	Meeting resolution
18th meeting of the 9th Board of Directors	February 24, 2023	February 28, 2023	Proposal approved: 1. Chairman's Work Report for 2022; 2. The Board of Directors' Work Report 2022; 3. Annual Report 2022 and the Summary; 4. Financial Settlement Report 2022; 5. Proposal of dividend distribution for year 2022; 6. The Company’s internal control self-evaluation report 2022; 7. Proposal on applying for credit guarantee from banks and other financial institutions; 8. The Company's proposal on engaging of the CPA for year 2023; 9. The Company's 2022 Social Responsibility Report; 10. Proposal of re-electing the 10th Board of Directors of the Company; 11. Reviewing the remuneration plan for the 10th Board of Directors (including independent directors) and Supervisory Committee; 12. The proposal of convening the 2022 General Shareholders' Meeting.
1st Meeting of the 10th Board of Directors	March 20, 2023	March 21, 2023	Proposal approved: 1. Proposal on Election of the Chairman of the 10th Board of Directors of the Company; 2. Proposal on the Senior Management Personnel of the Company; 3. Proposal on Appointing the Company's Securities Affairs Representative; 4. Proposal on the election of

			members of the Development Strategy Committee of the 10th Board of Directors; 5. Proposal on Election of Audit Committee Members of the 10th Board of Directors; 6. Proposal on Election of Members of the Remuneration and Evaluation Committee of the 10th Board of Directors; 7. Remuneration for the 10th senior management of the Company; 8. Proposal on reviewing organizations of the Company.
2nd Meeting of the 10th Board of Directors	April 21, 2023		The proposal on the Company's First Quarter Report 2023 was reviewed and passed.
3rd Meeting of the 10th Board of Directors	August 25, 2023		Reviewing and approving the Interim Report 2023 and the Summary of the Report
4th Meeting of the 10th Board of Directors	October 27, 2023	October 30, 2023	Proposal approved: 1. Proposal regarding the Company's 2023 Q3 Report; 2. Resolution on continuing to engage in futures hedging and foreign exchange derivative trading business in the Company; 3. Proposal on continue using of idle self-owned funds for cash management.
4th Meeting of the 10th Board of Directors	November 17, 2023	November 18, 2023	The resolution to terminate the plan of spinning off a subsidiary for listing on the GEM board has been approved.
6th Meeting of the 10th Board of Directors	December 22, 2023	December 23, 2023	Proposal approved: 1. Proposal of providing guarantee for the Company's subsidiaries; 2. Proposal of the Company to add independent directors to the 10th Board of Directors; 3. Proposal of the Company to adjust the members of the Audit Committee of the Board of Directors; 4. Review the propose of revising the Articles of Association; 5. Review the proposal of Revising Shareholders' Meeting Criteria;

			6. Review the propose of revising Rules of the Procedure of the Supervisory Committee; 7. Proposal of the Company to revise the Independent Director Work System; 8. Proposal of the Company to revise the "Foreign Investment Management System"; 9. Proposal of the Company to revise the Related Party Transaction System; 10. Proposal of the Company to revise the "Accounting Firm Selection and Appointment System"; 11. Proposal of the Company to revise the "Work Rules of the President"; 12. Proposal of the Company to revise the Work Regulations of the Audit Committee; 13. Proposal of the Company to revise the Work Regulations of the Development Strategy Committee; 14. Proposal of the Company to revise the Work Regulations of the Salary and Assessment Committee; 15. Proposal of the Company to revise the "Management System for External Information Users"; 16. Proposal of the Company on formulating the "Investor Relations Management Work System"; 17. Proposal of the Company to formulate the "Work System for Special Meetings of Independent Directors"; 18. Proposal of the Company to convene the first extraordinary general meeting of shareholders in 2024.

2. Directors' presenting of board meetings and shareholders' meetings in the report period

Directors' presenting of board meetings and shareholders' meetings in the report period							
Name of director	Time of board	Number of board	Presented by telecom	Number of board	Number of board	Absent for two	Number of shareholders'

	meetings should have attended	meetings attended		meetings attended by proxy	meetings not attended	consecutive meetings	meetings attended
Xiong Jianming	7	4	3	0	0	No	1
Xiong Xi	6	3	3	0	0	No	1
Xiong Jianwei	7	4	3	0	0	No	1
Lin Kebin	7	4	3	0	0	No	1
Huang Yaying	7	1	6	0	0	No	1
Cao Zhongxiong	7	2	5	0	0	No	1
Zhan Weizai	6	1	5	0	0	No	1
Zhou Zhigang	1	1	0	0	0	No	1
Guo Jinlong	1	1	0	0	0	No	1

Statement for absence for two consecutive board meetings

Inapplicable

3. Objection raised by directors

Any objection raised by directors against the Company's related issues

□ Yes ☑ No

Directors made no objection on related issued of the Company in the report period.

4. Other statement for performance of directors

Adoption of suggestion proposed by directors

☑ Yes □ No

Statement for suggestion adopted or not by the Company

The directors of the Company strictly comply with the provisions of laws and regulations such as the *Company Law*, *Securities Law*, *Measures for the Administration of Independent Directors of Listed Companies*, *Guidelines for Corporate Governance of Listed Companies*, *Shenzhen Stock Exchange Listing Rules*, *Articles of Association*, and other relevant company systems. They fulfill their responsibilities in accordance with the law. During the reporting period, the directors of the Company attended the meetings of the Board of Directors, and expressed their views and in-depth discussions on various proposals submitted to the board of directors for consideration, made suggestions for the healthy development of the Company, fully considered the interests and demands of minority shareholders when making decisions, and effectively strengthened the scientificity and feasibility of the decision-making of the board of directors. At the same time, the directors of the Company actively participate in relevant training, improve their ability to perform their duties, actively pay attention to the company's operation and management information, financial status and major events, and promote the sustainable, stable and healthy development of the Company's production and operation. The independent directors have diligently performed their duties and carefully reviewed various resolutions of the Board of Directors, playing an active role in safeguarding the interests of the Company and minority shareholders.

VII. Special committees under the board of directors during the reporting period

Committee name	Membership	Number of meetings held	Date	Meeting content	Important opinions and suggestions put forward	Other performance of duties	Details of objections (if any)
Development Strategy Committee	Xiong Jianming, Cao Zhongxiong, Lin kebing, Zhou Zhigang	1	February 24, 2023	Heard and considered: 1. Review of the Company's production and operation in 2022; 2. The Company's 2023 annual production and operation work plan.	After full communication and discussion, all proposals were unanimously passed.		
	Xiong Jianming, Xiong Xi, Cao Zhongxiong, Xiong Jianwei	1	August 25, 2023	Listened to and reviewed the review of the Company's production and operation in the first half of 2023 and the main work in the second half of 2021.	After full communication and discussion, all proposals were unanimously passed.		
Audit Committee	Guo Jinlong, Huang Yaying, Lin kebing	2	February 20, 2023	Listened to and reviewed the financial statements of the Company in 2022 after the preliminary opinions issued by the annual audit accountant	The financial and accounting report of the Company for 2022 has been prepared in accordance with the new accounting standards for business enterprises and relevant financial regulations of the Company, which truly reflects the financial status of the Company as		

					of December 31, 2022 and the operating results and cash flow in 2022. It is agreed to determine the final financial report for 2022 on this basis.		
			February 24, 2023	Listened to the 2022 financial work report and internal audit work report, the following items were considered and adopted: 1. The Company's audited financial and accounting statements for 2022; 2. The Company's proposal to hire an auditor in 2023; 3. The Company's self-evaluation report on internal control in 2022.	After full communication and discussion, it was unanimously approved and agreed to submit all proposals to the board of directors of the company for deliberation.		
Audit Committee	Zhan Weizai, Huang Yaying, Lin Kepeng	3	April 21, 2023	The financial statements of the Company for the first quarter of 2023 were reviewed and approved.	After full communication and discussion, the proposal was unanimously adopted and agreed to be submitted to the board of directors of the Company for		

					deliberation.		
			August 25, 2023	listened to the financial work report and internal audit work report for the first half of 2023, and have reviewed and approved the unaudited financial and accounting statements for the first half of 2023 of the Company.	After full communication and discussion, the proposal was unanimously adopted and agreed to be submitted to the board of directors of the Company for deliberation.		
			October 27, 2023	Reviewed and approved: 1. The Company's financial and accounting statements for the third quarter of 2023; 2. Proposal on continuing to carry out futures hedging and foreign exchange derivatives trading business.	After full communication and discussion, it was unanimously approved and agreed to submit all proposals to the board of directors of the company for deliberation.		
Remuneration and Assessment Committee	Huang Yaying, Cao Zhongxiong, Xiong Jianwei	1	February 24, 2023	(1) The proposal on the remuneration of directors and senior managers in 2022 was considered and adopted; (2) Reviewing the remuneration plan for the 10th Board of Directors	In 2022, the directors and senior managers of the Company have diligently and conscientiously completed the business objectives and other work tasks in 2022. The remuneration of directors		

				(including independent directors) and Supervisory Committee;	and senior managers in 2022 is in line with the management plan of directors' allowance and senior managers' remuneration of the Company.		
Remuneration and Assessment Committee	Huang Yaying, Xiong Xi, Cao Zhongxiong	1	March 20, 2023	Reviewed and approved remuneration for the 10th senior management of the Company.	The salary system for senior management personnel in the company is combined with performance bonuses, and it is agreed to submit this proposal to the Board of Directors for review.		

VIII. Performance of Supervisory Committee

(1) Risks for the Company discovered by the Supervisory Committee

□ Yes ☑ No

No disagreement with supervisory issues by the Supervisory Committee during the report period.

(2) The Supervisory Committee' Work Report 2023

In 2023, the Supervisory Committee performed its duties and obligations in supervision and protect all shareholders' and the Company's interests in accordance with the Company Law, Share Listing Rules, Articles of Association and Rules of the Procedure of the Supervisory Committee. The 2023 supervisory committee's work plan is as follows:

1. Opinions

(1) Legal compliance

In 2023, the Board of Supervisors of the Company supervised the operation of the Company in accordance with the law. In the report period, the Company has been operated in accordance with law. The convening of meeting of the Board and the decision-making process are compliant with law, regulations and Articles of Association; the internal control system is solid. Directors and senior management have performed their obligations. No violation against law, regulations, Articles of Association and interests of the Company and shareholders was discovered.

(2) Financial condition

In 2023, the Board of Supervisors supervised the financial affairs of the Company. The accounting management has been compliant with the Accounting Law, Enterprise Accounting Standard. No false, misleading statement or significant omission was found in financial statements. The financial reports of the Company reflect the Company's financial position, operation performance, cash flows and major risks truthfully, accurately and completely. The CPA has issued the standard auditor's report in 2023, which is objective, fair and truthful. It reflects the Company's financial position and operation performance.

(3) Implementation of internal control

According to the board of supervisors, the design and operation of the internal control is effective and meets the Company's management and development requirements. It can ensure the truthfulness, lawfulness, completeness of the financial materials and ensure the safety and completeness of the Company's property. In 2023, the company did not violate the securities law, the standards for the governance of listed companies, the self regulatory guidelines for listed companies of Shenzhen Stock Exchange No. 1 - standardized operation of listed companies on the main board and the Company's internal control system. The 2023 Internal Control Self-evaluation Report truthfully and objectively reflects the establishment, implementation and improvement of the Company's internal control system. There are no significant or important problems in the financial and non-financial reports in the report period.

(4) Fulfillment of social responsibilities

In 2023, the Company has made due contributions to economic development and environmental protection, actively participated in public welfare and charity, conscientiously fulfilled its due social responsibility, and safeguarded the interests of shareholders, customers and employees.

2. Meetings and resolutions of the supervisory meeting in the report period

Four meetings were held in 2023, all of which are on-site meetings. All proposal were approved and disclosed as required:

No.	Meeting	Date	Convening method	Topic
1	12th meeting of the 9th Supervisory Committee	February 24, 2023	On-site	1. Reviewing the Company's 2022 Supervisory Committee’s Work Report; 2. Reviewing the Company's 2022 Annual Report and Summary 3. Reviewing the Company's 2022 Financial Settlement Report; 4. Reviewing the Company's Proposal of Profit Distribution in 2022; 5. Reviewing the Company's Proposal of Engaging Auditor for 2023; 6. Reviewing the Company's 2022 Internal Control Self-evaluation Report; 7. Reviewing the proposal of the Company regarding the election of the 10th Board of Supervisors.
2	1st Meeting of the 10th Board of Supervisors	March 20, 2023	On-site	Elect the convener of the 10th Board of Supervisors of the Company.
3	2nd Meeting of the 10th Board of Supervisors	April 21, 2023	On-site	The Company's First Quarter Report 2023
4	3rd Meeting of the 10th Board of Supervisors	August 25, 2023	On-site	Proposal regarding the Interim Report 2023 and the Summary of the Report
5	4th Meeting of the 10th Board of Supervisors	October 27, 2023	On-site	Proposal regarding the Company's 2023 Q3 Report
6	5th Meeting of the 10th Board of	November 17, 2023	On-site	Resolution to terminate the plan of spinning off a subsidiary for listing on the GEM board has been approved.

	Supervisors			
7	6th Meeting of the 10th Board of Supervisors	December 22, 2023	On-site	Proposal of revising Rules of the Procedure of the Board of Directors

(III) The Supervisory Committee's Work Report 2024

In 2024, the Supervisory Committee of the Company will closely focus on the overall business objectives of the Company, actively perform the supervision function of the Supervisory Committee and supervise the standardized operation of the Company in accordance with the Company Law and other laws and regulations, the articles of association and the rules of procedure of the Supervisory Committee; at the same time, it will continuously strengthen its professional quality, strive to improve its professional ability and performance level; and strengthen the supervision of major projects and related parties of the Company, pay attention to the Company's risk management and internal control system construction, ensure that the Company implements effective internal control measures, and further promote the Company's standardized operation.

IX. Employees

1. Staff number, professional composition and education

Staff number of the parent at the end of the reporting period	55
Number of on-the-job employees of major subsidiaries at the end of the reporting period (person)	2,898
Total number of active employees at the end of the reporting period (person)	3,154
Number of employees receiving remuneration in the period	3,154
Resigned and retired staff number to whom the parent and major subsidiaries need to pay remuneration	0
Professional composition	
Categories of professions	Number of people
Production	1,538
Sales & Marketing	121
Technicians	1,243
Finance & Accounting	60
Administration	192
Total	3,154
Education	
Categories of education	Number of people
High school or below	1,400
College diploma	660
Bachelor	1,052
Master's degree	40
Doctor's degree	2
Total	3,154

2. Remuneration policy

Staff remuneration policy: The Company's staff remuneration comprises post wage, performance wage, allowance and annual bonus. The Company has set up an economic responsibility assessment system according to the annual operation target and responsibility indicators for all departments. The performance wage is determined by the economic indicators, management indicators, optimization indicators and internal control. The annual bonus is determined by the Company's annual profit and fulfillment of targets set for various departments. The staff remuneration and welfare will be adjusted according to the Company's business operation and changes in the local standard of living and price index.

Since 2008, the Company has been implementing the *Regulations on Paid Annual Leave for Employees* (State Council Order No. 514) issued by the State Council. All employees of the Company are entitled to paid annual leave in accordance with these regulations.

3. Training program

Staff training plan: The Company has paid continuous attention to training and development of the staff and introduces innovative learning as part of the long-term strategy. We provide training programs through different channels and in different fields for different employees will help them fulfill their works, including new staff training, on-the-job training, operation and management training programs. These programs have largely elevated capabilities of the staff and underpin the success of the Company.

4. Labor outsourcing

☑ Applicable □ Inapplicable

Total number of hours of labor outsourcing	17,331,883.07
Total remuneration paid for labor outsourcing (RMB)	667,491,156.10

X. Profit distribution of the Company and conversion of capital reserve into share capital

Establishment, implementation or adjustment of profit distribution policies especially the cash dividend policy during the report period

☑ Applicable □ Inapplicable

During the report period, the Company implemented the profit distribution plan for 2022. According to the deliberation and approval of the 2022 annual general meeting held on March 20, 2023, the Company's 2022 profit distribution plan is as follows: the Company will distribute cash dividends of RMB0.50 (including tax) per 10 shares to all shareholders based on the total share capital of RMB1,073,874,227 shares after the closing of the stock market on the equity registration date when the profit distribution plan is implemented, with a total of RMB53,693,711.35 in cash, and will not distribute bonus shares nor transfer capital reserves to share capital.

The Company attaches importance to the reasonable return to investors, implements a continuous and stable profit distribution policy, the formulation and implementation of the profit distribution policy comply with the relevant provisions of the Articles of Association and the requirements of the resolutions of the General Meeting of Shareholders, the dividend standard and proportion are clear and clear, the relevant decision-making procedures and mechanisms are complete, the independent directors perform their duties and play their due role, and the company's profit distribution plans are submitted to the General Meeting of Shareholders for consideration, The profit distribution policy is compliant and transparent. Small and medium-sized shareholders have the opportunity to fully express their opinions and appeals, and their legitimate rights and interests have been fully protected.

Explanation of Cash Dividend Distribution Policies	
Comply with the Articles of Association or resolution made at	Yes

the General Shareholders' Meeting	
Clear and definite distribution standard and proportion	Yes
Decision-making procedure and mechanism	Yes
Independent directors fulfill their duties	Yes
If the Company does not distribute cash dividends, specific reasons should be disclosed, as well as the measures to be taken next to enhance investor returns:	Inapplicable
Middle and small shareholders express their opinions and claims. There rights are well protected.	Yes
Cash dividend distribution policies are adjusted or revised according to law	Inapplicable

The company made profits during the reporting period and the profit available to shareholders of the parent company was positive, but no cash dividend distribution plan was proposed

□ Applicable ☑ Inapplicable

Profit Distribution and Reserve Capitalization in the Report Period

☑ Applicable □ Inapplicable

Bonus shares for every ten shares	0
Cash dividend for every ten shares (yuan, tax-included)	0.80
A total number of shares as the distribution basis	1,073,874,227
Cash dividend (including tax)	85,909,938.16
Cash dividend paid in other manners (such as repurchase of shares)	0.00
Total cash dividend (including other manners)	85,909,938.16
Distributable profit (yuan)	1,159,988,498.20
Proportion of cash dividend in the distributable profit (including other manners)	100%
Cash dividend	
The Company is in a fast growth stage. Therefore, the cash dividend will reach 20% of the profit distribution at least.	
Details of profit distribution or reserve capitalization plan	
The profit distribution plan for 2023 approved by the board of directors of the Company is: the Company plans to distribute cash dividends of RMB0.80 (tax included) for every 10 shares to all shareholders based on the total share capital of 1,073,874,227 shares on December 31, 2023, with a total cash distribution of RMB85,909,938.16. No dividend share or capitalization share was issued in the year. After the announcement of the Company's profit distribution plan to the time of implementation, if the total share capital changes, in accordance with the principle of “distributing cash dividends of RMB 0.80 (tax included) for every 10 shares”, the total share capital after the market closes on the equity registration date when the profit distribution plan is implemented shall be used. The total amount of cash dividends will be disclosed in the Company's profit distribution implementation announcement.	

XI. Share incentive schemes, staff shareholding program or other incentive plans

□ Applicable ☑ Inapplicable

There is no share incentive schemes, staff shareholding program or other incentive plans in the report period

XII. Construction and implementation of internal control system during the reporting period

1. Construction and implementation of internal control

The Company has established and improved its internal control system in accordance with the *Basic Norms for Enterprise Internal Control* and its supporting guidelines, as well as other internal control supervision requirements, combined with the actual situation of the company. The risk internal control management organizational system of the company is jointly composed of the Audit Committee and the Internal Audit Department, which supervises and evaluates the Company's internal control management, improves the Company's standardized operation level, and promotes the healthy and sustainable development of the Company. The 2023 Internal Control Self Evaluation Report disclosed by the Company on http://www.cninfo.com.cn, truthfully, and accurately reflects the actual situation of the Company's internal control. During the reporting period, the Company did not have any significant deficiencies in internal control.

2. Major problems in internal control discovered in the report period

□ Yes ☑ No

XIII. Management and control of subsidiaries during the reporting period

Company	Integration plan	Integration progress	Problems encountered in integration	Solutions taken	Solution progress	Follow up solution plan
Inapplicable	No	No	No	No	No	No

XIV. Internal control evaluation report or internal control audit report

1. Internal control report

Date of disclosure of the internal control evaluation report	April 2, 2024	
Disclosure of the internal control evaluation report	www.cninfo.com.cn	
Percentage of assets in the evaluation scope in the total assets in the consolidated financial statements	94.20%	
Percentage of operation income in the evaluation scope in the total operation income in the consolidated financial statements	92.26%	
Standard		
Type	Financial report	Non-financial report
Standard	1. The following problems are considered major problems: 1. Non-effective control environment; 2. corrupt practice by directors, supervisor and senior management, causing substantial loss and impacts for the Company; 3. Substantial mistakes in the financial	I. The following condition indicates significant problems in the internal control of non-financial reports: 1. Serious violation against national laws, regulations or specifications; 2. Serious business system problems and system ineffectiveness; 3. Major or important

	statements in the period discovered by the CPA, which are not discovered by the internal control; 4. Ineffective supervision of the internal control by the Company's auditing department 2. The following problems are considered significant problems: 1 accounting policies are selected and used without complying to widely accepted accounting standards; 2. No anti-corrupt and important balance system and control measures are taken; 3. Separate or multiple problems in the preparation of financial reports, which are serious enough to affecting the truthfulness and accuracy of the reports; no control system is established and no related compensation system is implemented for accounts of irregular or special transactions 3. Other problems are considered normal problems.	problems cannot be corrected; 4. Lack of internal control and poor management; 5. Loss of management personnel or key employees; 6. Safety and environmental accidents that cause major adverse impacts; 7. Other situations that cause major adverse impacts on the Company. II. The following situations indicate that there may be significant problems with the internal control: 1. business system problems and system ineffectiveness; 2. Major or important problems cannot be corrected; 3. Other situations that cause major adverse impacts on the Company III. The following situation indicate likely normal problems in the internal control: 1. Problems in the general business system; 2. Normal problems in the internal control supervision cannot be correctly promptly.
Standard	1. Significant problem: 1 mistakes affecting 5% and more of the pre-tax profit and more than RMB5 million in the consolidated statements; 2. Mistakes affecting 5% and more of the consolidated assets and more than RMB5 million 2. Important problem: 1. Mistakes affecting 1%-5% of the pre-tax profit in the consolidated statements; 2. Mistakes affecting 1%-5% the consolidated assets. III. Normal problem: 1. Mistakes affecting less than 1% of the pre-tax profit and total assets of the consolidate statements.	See the recognition standard of the internal control problems for financial statements
Significant problems in financial statements	0	
Significant problems in non-financial statements	0	
Important problems in financial statements	0	
Important problems in non-financial statements	0	

2. Internal control audit report

☑ Applicable □ Inapplicable

Comments in the internal control audit report	
We believe that China Fangda Group has maintained effective internal control on financial reports according to Basic Regulations on Enterprise Internal Control and related regulations on December 31, 2023.	
Disclosure of internal auditor's report	Disclosed
Date of disclosure of the internal control audit report	April 2, 2024
Source of disclosure of the internal control audit report	www.cninfo.com.cn

Opinion type	Standard opinion auditor's report
Problems in non-financial statements	No

Non-standard internal control audit report by the CFA

□ Yes ☑ No

Consistency between the internal control audit report and self-evaluation report

☑ Yes □ No

XV. Rectification of problems in self inspection of special actions for governance of listed companies

No

V. Environmental and social responsibility

I. Major environmental problem

Whether the Company and its subsidiaries are key polluting companies disclosed by the environmental protection authority

□ Yes ☑ No

Administrative penalties for environmental problems during the reporting period

Company or subsidiary	Reason	Violations	Punishment result	Impact on the production and operation of listed companies	Rectification measures of the Company
No	No	No	No	No	No

Refer to other environmental information disclosed by key pollutant discharge units

During the reporting period, the listed company and its subsidiaries were not key pollutant discharge units announced by the environmental protection department, and there were no administrative penalties for environmental problems.

Measures and effects taken to reduce carbon emissions during the reporting period

☑ Applicable □ Inapplicable

Since its inception, the Company has adhered to the mission of green and environmental protection, actively exploring the path of environmental friendliness and complementary development of the enterprise. The Company's smart curtain wall, photovoltaic building integration (BIPV) project, rail transit PSD system, solar photovoltaic power station and other industries have environmental protection genes. Combined with the characteristics of the industry, the Company integrates the concept of environmental protection into technological innovation, successively develops national and provincial key environmental protection new products such as ventilated and photovoltaic curtain walls, nano self-cleaning and fireproof honeycomb aluminum composite plates, and takes the lead in developing the subway PSD system with independent intellectual property rights in China. The Company's "full height open platform screen door of rail transit" technology has reduced the energy consumption of air conditioning and ventilation system by more than 20%, and the products of double-layer breathing curtain wall system save energy by more than 30% compared with the traditional curtain wall.

In 2023, the photovoltaic power generation in the new energy industry reached 19.4659 million kilowatt hours, which is equivalent to saving 7,007.72 tons of standard coal, reducing carbon dioxide emissions by nearly 19,407.5 tons, sulfur dioxide emissions by 229.698 tons, and water resource usage by 77,863.6 tons. In 2023, the Company was awarded the National (Shenzhen) Excellent Foreign-Funded Enterprise - Green Carbon Reduction Promotion Award and the Top 10 Green Carbon Reduction Projects by Shenzhen Foreign Investment.

The Company focuses on environmental protection and sustainable development, and is committed to building green buildings. The curtain wall project of the Headquarters Building of Shenzhen Longhua Design Industry Park and the curtain wall project of the General Contracting I Bidding Section Project of Shenzhen Qianhai Trading Plaza South undertaken by the Company passed the certification of "Green Building Evaluation Standard" GB/T50378-2014, with an evaluation grade of three stars; the General Contracting II Bidding Section Project of Shenzhen Qianhai Trading Plaza South undertaken by the Company passed the certification of "Green Building Evaluation Standard" GB/T50378-2014, with an evaluation grade of three stars; the Company's General Contracting The II bidding section project of Shenzhen Qianhai Trading Plaza passed the certification of "Green Building Evaluation Standard" GB/T50378-2014, and the evaluation grade is two-star.

The Company advocates energy conservation and emission reduction, safety and environmental protection, and adheres to the comprehensive implementation of "green environmental protection" measures from the aspects of infrastructure construction, waste water treatment, lighting and greening of office areas, so as to create a good, green and healthy office environment. The Company advocates green office, reduces the standby energy consumption of air conditioners, computers and other electrical equipment, and reasonably sets the air conditioning temperature in the office area to save energy. At the same time, the Company has established a combination of electronic, networked and remote office mode, promoted "paperless office" by improving OA system and ERP system, and actively used video conference and teleconference to replace on-site meetings, so as to improve work efficiency and reduce various costs of on-site meetings.

Reasons for non-disclosure of other environmental information

No

II. Social responsibilities

While creating enterprise value, the company adheres to its original mission, attaches great importance to the sustainable development of the environment and society, and actively performs its social responsibilities. In 2023, the Company has earnestly performed social responsibilities in regulating governance and operation, protecting the rights and interests of shareholders and creditors, safe production, environmental protection, energy conservation and emission reduction, protecting the rights and interests of employees, protecting the rights and interests of suppliers, customers and consumers, public relations and social public welfare undertakings. See cninfo.com for details http://www.cninfo.com.cn for the 2021 social responsibility report of China Fangda Group Co., Ltd.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

Since its establishment, the company has been actively practicing corporate social responsibility and promoting the sustainable development of the society while creating economic value. By making positive examples in the fields of ecological environmental protection and promoting social development, the Company has demonstrated the responsibility of an industry leader. The Company has carried out industrial support in Guangdong, Shaanxi, Guizhou, Jiangxi and Tibet, helping rural areas to plant cash crops such as tea mushrooms and lilies according to local conditions, supporting rural collective breeding industry projects, constructing greenhouse photovoltaic power stations, distributed photovoltaic power stations and other rural industrial "blood-creation" projects, and fostering new impetus to the development of rural economy, helping to build a thriving industry and ecological development. Helping to build a beautiful countryside in the new era of prosperous industry, ecological livability, civilized countryside, effective governance, and affluent life, which has achieved good social effects and gained high praise from all walks of life.

In addition, the Company has been actively involved in various public welfare activities, including public education, public health, rural medical care, disaster relief, environmental protection, rural revitalization and many other aspects. In 2023, the Company was awarded the honors of "Outstanding Enterprise in Fulfilling Social Responsibility" and "The Sixth Pengcheng Charity Award Pengcheng Charity Donation Enterprise".

Chapter VI Significant Events

I. Performance of promises

1. Commitments that have been fulfilled and not fulfilled by actual controller, shareholders, related parties, acquirers of the Company

□ Applicable ☑ Inapplicable

There is no commitment that has not been fulfilled by actual controller, shareholders, related parties, acquirers of the Company

2. Explanation and reason of profit forecasts on assets or projects that remain in the report period

□ Applicable ☑ Inapplicable

II. Non-operating capital use by the controlling shareholder or related parties in the reporting term

□ Applicable ☑ Inapplicable

The controlling shareholder and its affiliates occupied no capital for non-operating purpose of the Company during the report period.

III. Incompliant external guarantee

□ Applicable ☑ Inapplicable

The Company made no incompliant external guarantee in the report period.

IV. Description of the board of directors on the latest "non-standard audit report"

□ Applicable ☑ Inapplicable

V. Statement of the Board of Directors, Supervisory Committee and Independent Directors (if applicable) on the "non-standard auditors' report" issued by the CPA on the current report period

□ Applicable ☑ Inapplicable

VI. Description of changes in accounting policies, accounting estimates or correction of major accounting errors compared with the financial report of the previous year

☑ Applicable □ Inapplicable

(1) Changes in accounting policies

Implementation of ASBE Interpretation No. 16, "Accounting for Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction to Which the Initial Recognition Exemption Does Not Apply"

On November 30, 2022, the Ministry of Finance ("MOF") issued ASBE Interpretation No. 16 ("ASBE Interpretation No. 16") ("ASBE Interpretation No. 31"), of which "Accounting for Deferred Income Taxes on Assets and Liabilities Arising from Individual Transactions to which the Exemption from Initial Recognition Does Not Apply" has become effective as of January 1, 2023. The Company implemented this provision of Interpretation No.16 on January 1, 2023. The implementation of this provision did not have any significant impact on the Company's financial position and results of operations, and did not involve any retroactive adjustments or restatements.

(2) Changes in accounting estimates

During the reporting period, the Company had no significant changes in accounting estimates.

VII. Statement of change in the financial statement consolidation scope compared with the previous financial report

☑ Applicable □ Inapplicable

In this period, the Company has added one wholly-owned subsidiary through establishment: Shenzhen Fangda Jianchuang Technology Co., Ltd.

VIII. Engaging and dismissing of CPA

CPA engaged currently

Domestic public accountants name	RSM Thornton (limited liability partnership)
Remuneration for the domestic public accountants (in RMB10,000)	150
Consecutive years of service by the domestic public accountants	5
Name of certified accountants of the domestic public accountants	Zhou Junchao, Xu Yuxia, Hu Gaosheng
Consecutive years of service by the domestic public accountants	Zhou Junchao and Xu Yuxia provided audit services for 1 year each, while Hu Gaosheng provided continuous audit services for 4 years.
Overseas public accountants name (if any)	No
Remuneration for the overseas public accountants (in RMB10,000)	0
Consecutive years of service by the overseas public accountants (if any)	No
Name of certified accountants of the overseas public accountants (if any)	No
Consecutive years of service by the domestic public accountants	No

Whether the CPA is replaced

□ Yes ☑ No

Engaging of internal control audit CPA, financial advisor and sponsor

☑ Applicable □ Inapplicable

During the reporting period, the Company continued engaging RSM China (limited liability partnership) as the financial statement and internal control auditing CPA with a fee of RMB1.5 million.

IX. Delisting after disclosure of annual report

□ Applicable ☑ Inapplicable

X. Bankruptcy and capital reorganizing

□ Applicable ☑ Inapplicable

The Company has no bankruptcy or reorganization events in the report period.

XI. Significant lawsuit and arbitration

□ Applicable ☑ Inapplicable

As of the end of this reporting period, the Company has not met the disclosure standards for major litigation, and the total amount of litigation in other litigation and arbitration proceedings is about RMB364,000,000, while the total amount of litigation in the sued cases is about RMB45,000,000. The above litigation matters are multiple independent cases and will not have a significant adverse impact on the Company's financial condition and ability to continue operating.

XII. Punishment and rectification

□ Applicable ☑ Inapplicable

The Company received no penalty and made no correction in the report period.

XIII. Credibility of the Company, controlling shareholder and actual controller

☑ Applicable □ Inapplicable

The Company and its controlling shareholders and actual controllers do not fail to perform the effective judgment of the court, and the debts with a large amount are not paid off when due.

XIV. Material related transactions

1. Related transactions related to routine operation

□ Applicable ☑ Inapplicable

The Company made no related transaction related to daily operating in the report period.

2. Related transactions related to assets transactions

□ Applicable ☑ Inapplicable

The Company made no related transaction of assets or equity requisition and sales in the report period.

3. Related transactions related to joint external investment

□ Applicable ☑ Inapplicable

The Company made no related transaction of joint external investment in the report period.

4. Related credits and debts

□ Applicable ☑ Inapplicable

The Company had no related debt in the report period.

5. Transactions with related financial companies

□ Applicable ☑ Inapplicable

There is no deposit, loan, credit or other financial business between the company and the related financial company.

6. Transactions between financial companies controlled by the company and related parties

□ Applicable ☑ Inapplicable

There is no deposit, loan, credit or other financial business between the financial company controlled by the company and its related parties.

7. Other major related transactions

□ Applicable ☑ Inapplicable

The Company has no other significant related transaction in the report period.

XV. Significant contracts and performance

1. Asset entrusting, leasing, contracting

(1) Asset entrusting

□ Applicable ☑ Inapplicable

The Company made no custody in the report period.

(2) Contracting

□ Applicable ☑ Inapplicable

The Company made no contract in the report period

(3) Leasing

□ Applicable ☑ Inapplicable

There is no leasing during the reporting period.

2. Significant guarantee

☑ Applicable □ Inapplicable

In RMB10,000

External guarantees made by the Company and subsidiaries (exclude those made for subsidiaries)										
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term	Completed or not	Related party
No										
Total of external guarantee approved		0		Total of external guarantee actually		0				

in the report term (A1)		occurred in the report term (A2)	
Total of external guarantee approved as of end of report term (A3)	0	Total of external guarantee actually occurred as of end of report term (A4)	0

Guarantee provided to subsidiaries										
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term	Completed or not	Related party
Fangda Jianke	February 28, 2023	93,000	December 28, 2023	54,293.7	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	24,000	May 5, 2023	15,070.94	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	30,000	September 25, 2023	15,832.62	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	50,000	September 28, 2023	33,332.65	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	30,000	October 20, 2023	20,300	Joint liability	No	No	since engage of contract to 3 years upon due of	No	Yes

								debt		
Fangda Jianke	March 30, 2022	39,000	December 9, 2022	38,802.24	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	March 30, 2022	15,000	May 25, 2022	9,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	48,000	December 15, 2023	32,344.34	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	20,000	March 31, 2023	20,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	11,400	August 16, 2023	4,207.12	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	20,000	October 9, 2023	7,200	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	4,000	May 15, 2023	4,000	Joint liability	No	No	since engage	No	Yes

								of contract to 3 years upon due of debt		
Fangda Jianke	March 30, 2022	60,000	January 21, 2023	40,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	30,000	December 21, 2023		Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	20,000	November 2, 2023	20,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	February 28, 2023	36,000	June 20, 2023	15,534.82	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	February 28, 2023	15,000	May 5, 2023	209.23	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	February 28, 2023	20,000	October 7, 2023	3,194.28	Joint liability	No	No	since engage of contract to 3 years	No	Yes

								upon due of debt		
Fangda Zhiyuan	February 28, 2023	15,000	September 25, 2023	5,645.38	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	March 30, 2022	10,000	May 23, 2022	1,662.4	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	February 28, 2023	18,000	December 15, 2023	1,190.41	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	February 28, 2023	15,550	November 21, 2023	8,071.55	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	February 28, 2023	10,000	September 25, 2023	70.41	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	February 28, 2023	10,000	December 21, 2023		Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes

Fangda Yunzhu	February 28, 2023	600	May 11, 2023	34.85	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Yunzhu	February 28, 2023	1,000	March 30, 2023	980	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda New Material	February 28, 2023	8,500	November 2, 2023	1,245.27	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda New Material	February 28, 2023	10,000	April 18, 2023	2,716.31	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Property	December 4, 2019	135,000	February 25, 2020	66,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhijian	February 28, 2023	7,000	May 15, 2023	4,678.62	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Total of guarantee to subsidiaries approved in the		547,050		Total of guarantee to subsidiaries actually occurred in the report		486,172.99				

report term (B1)				term (B2)						
Total of guarantee to subsidiaries approved as of the report term (B3)		806,050		Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)			425,617.15			
Guarantee provided to subsidiaries										
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term	Completed or not	Related party
No										
Total of guarantee to subsidiaries approved in the report term (C1)		0		Total of guarantee to subsidiaries actually occurred in the report term (C2)		0				
Total of guarantee to subsidiaries approved as of the report term (C3)		0		Total of balance of guarantee actually provided to the subsidiaries as of end of report term (C4)		0				
Total of guarantee provided by the Company (total of the above three)										
Total of guarantee approved in the report term (A1+B1+C1)		547,050		Total of guarantee occurred in the report term (A2+B2+C2)		486,172.99				
Total of guarantee approved as of end of report term (A3+B3+C3)		806,050		Total of guarantee occurred as of the end of report term (A4+B4+C4)		425,617.15				
Percentage of the total guarantee occurred (A4+B4+C4) on net asset of the Company				71.41%						
Including:										
Guarantees provided to the shareholders, substantial controllers and the related parties (D)				0						
Guarantee provided directly or indirectly to objects with over 70% of liability on asset ratio (E)				0						
Amount of guarantee over 50% of the net asset (F)				127,610.12						
Total of the above 3 (D+E+F)				127,610.12						
For the unexpired guarantee contract, the guarantee liability has occurred during the reporting period or there is evidence that it is possible to bear joint and several repayment liability (if any)				No						
Statement of external guarantees violating the procedure (if any)				No						

Note of compound guarantee

No

3. Entrusted cash capital management

(1) Wealth management

□ Applicable ☑ Inapplicable

The Company made no trust investment in the report period

(2) Trusted loans

□ Applicable ☑ Inapplicable

The Company borrowed no trust loan in the report period.

4. Other significant contract

□ Applicable ☑ Inapplicable

The Company entered into no other significant contract in the report.

XVI. Other material events

☑ Applicable □ Inapplicable

1. Based on the current market environment and other factors, in order to coordinate and arrange the capital operation plan of Fangda Zhiyuan Technology Co., Ltd. (hereinafter referred to as "Fangda Zhiyuan"), after full communication and careful deliberation with relevant parties, the company held the 5th meeting of the 10th Board of Directors on November 17, 2023, and approved the proposal to terminate the spin off of Fangda Zhiyuan for listing on the GEM Board. For specific details, please refer to the relevant announcement disclosed by the Company on November 18, 2023 on http://www.cninfo.com.cn.

2. In order to meet the needs of future business development, the Company has invested in and constructed the Fangda (Ganzhou) Low Carbon Intelligent Headquarters Base project in Zhanggong District, Ganzhou City, Jiangxi Province. The specific situation is detailed in the relevant announcement disclosed by the company on December 17, 2022 on http://www.cninfo.com.cn. As of the disclosure date of this report, the main structure of the first phase of the Fangda (Ganzhou) Low-carbon Intelligent Headquarters Base project has been completed and the major equipment has been procured as planned. The first-phase project is expected to start operation in 2024.

3. In accordance with the disclosure requirements of the decoration industry in the Self-Regulatory Guidelines for Listed Companies in Shenzhen Stock Exchange No. 3 - Industry Information Disclosure, the main industry qualifications obtained by the company are as follows:

No.	Qualification	Valid period
1	Construction curtain wall designing class A	Until March 16, 2025
2	Construction curtain wall contracting class A	Until December 04, 2028
3	Construction mechanical and electric equipment installation contracting class C	By December 31, 2024
4	Construction decoration contracting class B	By December 11, 2028
5	Steel structure engineering contracting class B	By December 11, 2028

6	City and road lighting engineering contracting class C	By December 31, 2024
7	Design and construction of metal roof (wall) surface of building	By December 18, 2026

4. According to the disclosure requirements of the decoration industry in the Self-discipline Supervision Guidance for Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure, the company's production safety during the reporting period

In the report period, the Company's safety management is normal. The Company pays large attention to employees' safety awareness and capabilities of emergency processing. The Company has strengthened safety production and investigation of safety risks. The Company has formulated safety management guidelines to guide safety management. There was no significant safety accidents in the report period.

XVII. Material events of subsidiaries

□ Applicable ☑ Inapplicable

Chapter VII Changes in Share Capital and Shareholders

I. Changes in shares

1. Changes in shares

In share

	Before the change		Change (+,-)					After the change	
	Quantity	Proportion	Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	Quantity	Proportion
I. Shares with trade restriction conditions	3,839,293	0.36%				21,750	21,750	3,861,043	0.36%
1. State-owned shares									
2. State-owned legal person shares									
3. Other domestic shares	3,839,293	0.36%				21,750	21,750	3,861,043	0.36%
Including: Shares held by domestic legal persons									
Domestic natural person shares	3,839,293	0.36%				21,750	21,750	3,861,043	0.36%
4. Shares held by foreign investors									
Including: Shares held by									

foreign legal persons									
Domestic natural person shares									
II. Unrestricted shares	1,070,034,934	99.64%				-21,750	-21,750	1,070,013,184	99.64%
1. Common shares in RMB	675,876,179	62.94%				-21,750	-21,750	675,854,429	62.94%
2. Foreign shares in domestic market	394,158,755	36.70%						394,158,755	36.70%
3. Foreign shares in overseas market									
4. Others									
III. Total of capital shares	1,073,874,227	100.00%				0	0	1,073,874,227	100.00%

Reasons

☑ Applicable □ Inapplicable

Mr. Ye Zhiqing, a supervisor elected at the 2022 shareholders' meeting of the company on March 20, 2023, holds 29,000 A-shares of the Company. According to relevant regulations, 21750 shares are executive lock-in shares with limited sales conditions. Therefore, the Company added 21750 shares with limited sales conditions and reduced 21750 shares with limited sales conditions.

Approval of the change

□ Applicable ☑ Inapplicable

Share transfer

□ Applicable ☑ Inapplicable

Impacts on financial indicators including basic and diluted earnings per share, net assets per share attributable to common shareholders of the Company in the most recent year and period

□ Applicable ☑ Inapplicable

Others that need to be disclosed as required by the securities supervisor

□ Applicable ☑ Inapplicable

2. Changes in conditional shares

☑ Applicable □ Inapplicable

In share

Shareholder name	Conditional shares at beginning of the period	Increased this period	Released this period	Conditional shares at end of the period	Reason of condition	Date of releasing
Ye Zhiqing	0	21,750	0	21,750	Newly elected supervisors during the reporting period	25% of the annual shareholding is released from the sale
Total	0	21,750	0	21,750	--	--

II. Share placing and listing

1. Securities issuance (excluding preference shares) during the report period

□ Applicable ☑ Inapplicable

2. Statement of changes in share number and shareholder structure, assets and liabilities structure

□ Applicable ☑ Inapplicable

3. Current employees' shares

□ Applicable ☑ Inapplicable

III. Shareholders and the substantial controller of the Company

1. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period	50,570	Total number of ordinary share shareholders at the end of the month before the disclosure date of the annual report	49,564	Number of shareholders of preferred stocks of which voting rights recovered in the report period (if any) (note 8)	0	Total number of shareholders of preference shares of which voting rights resumed at the end of the month before the disclosure date of the annual report (if any) (see note 8)		0
Shareholdings of shareholders holding more than 5% or the top 10 shareholders (excluding shares lent through refinancing)								
Name of	Nature of	Shareholdi	Number of	Change in	Conditional	Amount of	Pledge, marking or	

shareholder	shareholder	ng percentage	shares held at the end of the reporting period	the reporting period	shares	shares without sales restriction	freezing	
							Share status	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	11.11%	119,332,846	-	0	119,332,846	Inapplicable	0
Shengjiu Investment Ltd.	Foreign legal person	10.25%	110,116,276	1,536,958	0	110,116,276	Inapplicable	0
Fang Wei	Domestic natural person	4.13%	44,328,539	7,854,151	0	44,328,539	Inapplicable	0
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Domestic non-state legal person	1.48%	15,860,609	-	0	15,860,609	Inapplicable	0
Zhou Youming	Domestic natural person	1.00%	10,761,210	7,877,950	0	10,761,210	Inapplicable	0
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	0.51%	5,470,550	-38,240	0	5,470,550	Inapplicable	0
Wu Xuandong	Domestic natural person	0.50%	5,385,750	-21,850	0	5,385,750	Inapplicable	0
Xiong Jianming	Domestic natural person	0.48%	5,110,257	-	3,832,693	1,277,564	Inapplicable	0
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.45%	4,870,237	-539,375	0	4,870,237	Inapplicable	0
VANGUARD TOTAL INTERNATIONAL STOCK INDEX	Foreign legal person	0.44%	4,714,045	-549,394	0	4,714,045	Inapplicable	0

FUND								
A strategic investor or ordinary legal person becomes the Top10 share shareholder due a stock issue (see note 3)	No							
Notes to top ten shareholder relationship or "action in concert"	Among the shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert with Xiong Jianming. Shenzhen Banglin Technology Development Co., Ltd. and its parties action-in-concert and Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise are related parties. The Company is not notified of other action-in-concert or related parties among the other holders.							
Description of the above shareholders involved in entrusted / entrusted voting right and waiver of voting right	No							
Special explanation for the existence of a repurchase account among the top 10 shareholders (if any) (see Note 10)	No							

Top 10 holders of unconditional shares			
Shareholder name	Amount of shares without sales restriction	Category of shares	
		Category of shares	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	119,332,846	RMB common shares	119,332,846
Shengjiu Investment Ltd.	110,116,276	Domestically listed foreign shares	110,116,276
Fang Wei	44,328,539	RMB common shares	44,328,539
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	15,860,609	RMB common shares	15,860,609
Zhou Youming	10,761,210	RMB common shares	10,761,210
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	5,470,550	Domestically listed foreign shares	5,470,550
Wu Xuandong	5,385,750	RMB common shares	5,385,750
VANGUARD EMERGING MARKETS STOCK INDEX FUND	4,870,237	Domestically listed foreign shares	4,870,237
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	4,714,045	Domestically listed foreign	4,714,045

		shares	
Qu Chunlin	4,444,000	RMB common shares	4,444,000
No action-in-concert or related parties among the top10 unconditional shareholders and between the top10 unconditional shareholders and the top10 shareholders	Among the shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert with Xiong Jianming. Shenzhen Banglin Technology Development Co., Ltd. and its parties action-in-concert and Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise are related parties. The Company is not notified of other action-in-concert or related parties among the other holders.		
Top-10 common share shareholders participating in margin trade (if any) (see note 4)	Wu Xuandong holds 5,385,750 stocks of the Company through the Huaxi Securities customer credit transaction guarantee securities account.		

Note: As this report was disclosed on April 2, 2024, the number of shareholders of Company B shares as of March 29, 2024 (last trading day) cannot be obtained. Therefore, the total number of common shareholders in the previous month before the disclosure date of the annual report in the table above represents the total number of shareholders of Company A shares as of March 29, 2024 and B shares as of March 20, 2024 (last trading day).

Top-10 shareholders participating in the lending of shares through refinancing business

□ Applicable ☑ Inapplicable

Change in top-10 shareholders from the previous period

□ Applicable ☑ Inapplicable

Agreed re-purchasing by the Company's top 10 shareholders of common shares and top 10 shareholders of unconditional common shares in the report period

□ Yes ☑ No

No agreed re-purchasing by the Company's top 10 shareholders of common shares and top 10 shareholders of unconditional common shares in the report period

2. Profile of the controlling shareholders

Shareholder nature: natural person holding

Type of shareholder: legal person

Name of controlling shareholder	Legal representative/responsible person	Date of Establishment	Organization code	Main business
Shenzhen Banglin Technologies Development Co., Ltd.	Chen Jinwu	June 7, 2001	914403007298400552	Industrial investment, developing of electronic products, technical consulting, domestic commerce, material trading
Stock ownership of other domestic and overseas listed company controlled or whose shares are held by controlling shareholders	No			

Changes in the controlling shareholder in the reporting period

□ Applicable ☑ Inapplicable

No change in the controlling shareholder in the report period

3. Actual controller and persons acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

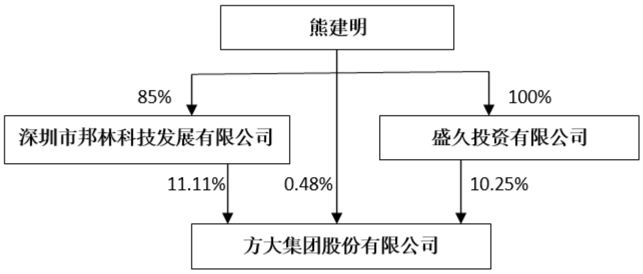
Name of substantial controller	Relationship with the actual controller	Nationality	Right of residence in another country or region
Xiong Jianming	Himself	Chinese	Yes
Job and position	Served as Chairman of the Company.		
Profiles of domestic and overseas listed companies in which the controller held shares	The controller held no share in other listed companies in the last ten years.		

Change in the actual controller in the report period

□ Applicable ☑ Inapplicable

No change in the actual shareholder in the report period

7. Chart of the controlling relationship



Controlling over the Company by the substantial controller through trust or other asset management

□ Applicable ☑ Inapplicable

4. The cumulative number of Pledged Shares of the Company's controlling shareholder or the largest shareholder and its concerted actors accounts for 80% of the Company's shares

□ Applicable ☑ Inapplicable

5. Other legal person shareholders with over 10% of total shares

□ Applicable ☑ Inapplicable

6. Conditional decrease of shareholding by controlling shareholder, actual controller, reorganizer and other entities

□ Applicable ☑ Inapplicable

IV. Specific implementation of share repurchase in the reporting period

Progress in the implementation of share repurchase

□ Applicable ☑ Inapplicable

Progress in the implementation of the reduction of shareholding shares by means of centralized bidding

□ Applicable ☑ Inapplicable

Chapter VIII Preferred Shares

□ Applicable ☑ Inapplicable

The Company had no preferred share in the report period.

Chapter IX Information about the Company's Securities

□ Applicable ☑ Inapplicable

Chapter X Financial Statements

I. Auditor's report

Type	Standard opinion auditor's report
Issued on	March 29, 2024
Auditor	RSM China (Special General Partnership)
Report No.	RSM [2024] No.510Z0002
CPA names	Zhou Junchao, Xu Yuxia, Hu Gaosheng

Auditors' Report

RSM [2024] No.510Z0002

To the shareholders of China Fangda Group Co., Ltd.:

1. Auditors' Opinions

We have audited the financial statements of Fangda Group Co., Ltd. (hereinafter referred to as Fangda group company), including the consolidated and parent company's balance sheet as of December 31, 2023, the consolidated and parent company's income statement, consolidated and parent company's cash flow statement, consolidated and parent company's statement of changes in owner's equity and notes to relevant financial statements in 2023.

We believe that Fangda Group has been following with the Enterprise Accounting Standard in preparing of the Financial Statements. The Financial Statements is reflecting, in all important aspects, the financial situation of Fangda Group as of December 31, 2023, and the business performance and cash flow of year 2023.

2. Basis of the Opinions

We carried out the auditing works with compliance to Chinese CPA Auditing Standard, The "CPA's Responsibility for Auditing Financial Statements" section of the audit report further elaborated our responsibilities under these guidelines. In accordance with the Code of Ethics for

Chinese Certified Public Accountants, we are independent of Fangda Group and perform other professional ethics duties. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Key Audit Matters

The key audit matters are the matters that we believe are most important for the audit of the current financial statements based on professional judgment. The response to these matters is based on the overall audit of the financial statements and the formation of an audit opinion. We do not comment on these matters separately.

(1) Income recognition

For related information disclosure, please refer to Note III, 25, Note V, 45 and Note XV, 2 of the financial statements.

1. Description

In 2023, the operating revenue of Fangda Group is RMB4.292 billion, of which the revenue of curtain wall and metro platform screen door accounts for 94.02% of the total revenue of the Group.

Fangda Group's performance obligations related to the construction subcontracting contract include building curtain wall and metro platform screen door. As the customer can control the commodity under construction in the process of performance of Fangda group, the Company regards it as the performance obligation within a certain period of time, and recognizes the revenue according to the performance progress. The Company shall determine the performance schedule of services according to the input method. The performance schedule shall be determined according to the proportion of the actual contract cost to the estimated total contract cost. Management needs to make a reasonable estimate of the initial total contract revenue and total contract costs for the Engineering contracting contract and continue to assess and revise it during the contract implementation process, which involves significant accounting estimates of the management.

Therefore, we identify revenue recognition related to construction contracts as key audit matters.

2. Audit response

Our audit procedures for revenue recognition related to construction subcontracting contracts mainly include:

(1) Understand and evaluate the design of internal control related to management contract and engineering subcontracting contract budget and revenue recognition, and test the effectiveness of key control implementation.

(2) Obtained a major engineering subcontracting contract, verified the contract revenue, and reviewed key contract terms. Check the engineering contracting contract and cost budget information on which management expects total revenue and estimated total cost.

(3) Obtain the construction subcontracting contract account and project revenue and cost summary table, carry out analytical review on the gross profit of the project, and recalculate the performance progress and revenue in the construction subcontracting contract account to verify its accuracy.

(4) Select samples to check the project engineering details of the main project, subcontracted labor approval forms, and the owner's production value approval documents and records to verify the contract costs incurred.

(5) Select samples to check if the relevant contract costs are recorded in the appropriate accounting period.

(6) Select a sample to conduct a site inspection of the progress of the project image to verify the reasonableness of the project's performance schedule.

(2) Measurement of fair value of investment real estate

For related information disclosure, please refer to Note III, 16, Note V, 15 (2), Note V 53 and Note XI of the financial statements.

1. Description

As of Saturday, December 31, 2023, the book balance of the investment real estate of Fangda Group which adopts the fair value model for subsequent measurement is 5.748 billion yuan, accounting for 42.97% of the total assets. The income from changes in fair value realized in the current period is RMB-28,000,000 which has a great impact on the financial indicators of the Group's consolidated statements.

The management of Fangda Group annually employs a third-party assessment agency with relevant qualifications to evaluate the fair value of the investment real estate. The evaluation adopts the market comparison method and the income method to comprehensively analyze various factors that affect the real estate price of the appraisal subject. The assessment of the fair value of investment real estate involves many estimates and assumptions, such as the analysis of the economic environment and future trends of the real estate where the investment real estate is located, discount rates, etc. The changes in estimates and assumptions will have big impacts on the fair value of the investment real estate evaluated. Therefore, we identify the measurement of fair value of investment real estate as a key audit matter.

2. Audit response

Our audit procedures for the measurement of fair value of investment real estate mainly include:

(1) Assess the competency, professional quality, independence and objectivity of third-party assessment agencies employed by the management.

(2) Obtain the assessment report, selected major or typical samples, and use our real estate appraisal experts to review and review the assessment methods and assumptions used in the assessment report and the rationality of the selected key assessment parameters. Check the accuracy and relevance of the data used by the management in valuation.

(3) Review the measurement, presentation and disclosure of fair value of investment real estate in the financial statements.

(III) Measurement of expected credit loss of accounts receivable and contract assets

For related information disclosure, please refer to Note III, 10, Note V, 4, Note V, 9 and Note V, 22 of the financial statements.

1. Description

As of December 31, 2023, the total amount of accounts receivable of the company was RMB1.178 billion, the provision for bad debts accrued was RMB266 million, the total amount of contract assets of the company was RMB2.748 billion, the provision for impairment accrued was RMB1.93 billion, and the total book value of accounts receivable and contract assets accounted for 25.90% of the total assets. Due to the large amount of accounts receivable and contract assets of Fangda group, the management needs to use important accounting estimation and judgment when determining the expected recoverable amount of accounts receivable and contract assets, and the expected credit loss of accounts receivable and contract assets is important for financial statements. Therefore, we determine the measurement of expected credit loss of accounts receivable and contract assets as the key audit accounting matters.

2. Audit response

(1) Understand and evaluate the effectiveness of internal control design related to the provision for bad debts of accounts receivable and provision for impairment of contract assets of Fangda Group, and test the effectiveness of key control operation.

(2) Review the relevant considerations and objective evidence of the management's credit risk assessment of accounts receivable and contract assets, and evaluate whether the management has properly identified the credit risk characteristics of various accounts receivable.

(3) Review the accrual process of bad debt provision for accounts receivable and impairment provision for contract assets of the management, including: ① for accounts receivable and contract assets that measure expected credit loss based on portfolio, evaluate the rationality of the management's division of portfolio according to credit risk characteristics; Check the measurement model of expected credit loss and evaluate the rationality of major assumptions and key parameters in the model; Obtain the comparison table between the aging of accounts receivable and the expected credit loss rate for the whole duration prepared by the management, and test the accuracy and integrity of the data used by the management and whether the

calculation of bad debt reserves is accurate; ② For accounts receivable and contract assets with individual provision for expected credit loss, review the accuracy and rationality of the information and relevant assumptions used by the management in the test process; Check the accuracy of the provision for impairment of accounts receivable and contract assets with long aging, accounts receivable and contract assets involving litigation matters.

(4) According to the characteristics and nature of customer transactions, select samples to implement the accounts receivable confirmation procedure and check the collection after the period, and evaluate the rationality of the provision for bad debts of accounts receivable.

4. Other information

The management of Fangda Group (hereinafter referred to as management) is responsible for other information. The other information includes the information covered in Fangda Group's 2023 annual report, but does not include the financial statements and our audit report.

Our audit opinions published in the financial statements do not cover other information and we do not publish any form of assurance conclusion on other information.

In connection with our audit of the financial statements, our responsibility is to read other information. In the process, we consider whether there is a material inconsistency or other material misstatement of other information whether it is in the financial statements or what we have learned during the audit process.

Based on the work we have performed, if we determine that there is a material misstatement of other information, we should report that fact. In this regard, we have nothing to report.

5. Executives' responsibilities on the Financial Statements

(1) Preparing these financial statements according to the Accounting Standards for Business Enterprises and presenting them fairly; (2) designing, implementing and maintaining necessary internal control to make sure that these financial statements are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the management is responsible for assessing Fangda Group's ability to continue as a going concern, disclosing issues related to going concern (if applicable), and applying the going concern assumption unless management plans to liquidate Fangda Group, terminate operations or there are no other realistic choices.

The management is responsible for overseeing the financial reporting process of Fangda Group.

6. Auditor's responsibility for auditing financial statements

Our objective is to obtain reasonable assurance as to whether the entire financial statements are free from material misstatement due to fraud or error and to issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with auditing standards can always be discovered when a major misstatement exists. The report may be due to fraud or mistakes, and if a reasonable expectation of misstatement alone or aggregated may affect the economic decision-making made by users of financial statements based on the financial statements, the misstatement is generally considered to be material.

In the process of conducting audit work in accordance with auditing standards, we use professional judgment and maintain professional suspicion. At the same time, we also perform the following tasks:

(1) Identify and assess risks of material misstatement of financial statements due to fraud or errors, design and implement audit procedures to address these risks, and obtain adequate and appropriate audit evidence as a basis for issuing audit opinions. As fraud may involve collusion, forgery, willful omission, misrepresentation or override of internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of not discovering a material misstatement resulting from a mistake.

(2) Understand audit-related internal controls to design appropriate audit procedures.

(3) Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures.

(4) Conclude on the appropriateness of management's use of continuing operations assumptions. At the same time, based on the audit evidence obtained, it concludes that whether

there are major uncertainties in the matters or circumstances that may cause major doubts about the ability of the Company's continuing operations. If we conclude that there are significant uncertainties, the auditing standards require us to request the users of the report to pay attention to the relevant disclosures in the financial statements in the audit report; if the disclosure is not sufficient, we should publish non-unqualified opinions. Our conclusions are based on the information available as of the date of the audit report. However, future events or circumstances may result in Fangda Group's inability to continue operating.

(5) Evaluate the overall presentation, structure, and content of the financial statements and evaluate whether the financial statements fairly reflect the relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence on the financial information of entity or business activities in Fangda Group to express opinions on the financial statements. We are responsible for directing, supervising and executing group audits and assume full responsibility for audit opinions.

We communicate with the governance team on planned audit scope, timing, and major audit findings, including communication of the internal control deficiencies that we identified during the audit.

We also provide a statement to the management on compliance with ethical requirements related to independence, and communicate with the management on all relationships and other matters that may reasonably be considered to affect our independence, as well as related preventive measures (if applicable).

From the matters passed with the management, we determine which items are most important for the audit of the financial statements of the current period and thus constitute the key audit matters. We describe these matters in our audit report, unless laws and regulations prohibit the public disclosure of these matters, or in rare cases, if it is reasonably expected that the negative consequences of communicating something in the audit report will outweigh the benefits in the public interest, we determine that such matter should not be communicated in the audit report.

(This page has no text. It is the signature and stamp page of audit report No. [2024]510Z0002 of China Fangda Group Co., Ltd. ）

RSM China

(limited liability partnership)

Beijing, China

CPA:_________

Zhou Junchao (Project Partner)

CPA:_________

Xu Yuxia

CPA:_________

Hu Gaosheng

March 29, 2024

II. Financial statements

Unit for statements in notes to financial statements: RMB yuan

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

December 31, 2023

In RMB

Item	December 31, 2023	January 1, 2023
Current asset:		
Monetary capital	1,425,151,116.24	1,238,754,216.50
Settlement provision		
Outgoing call loan		
Transactional financial assets		
Derivative financial assets	173,737.06	789,205.34
Notes receivable	47,372,881.27	130,428,554.49

Account receivable	911,486,914.19	832,292,348.17
Receivable financing	6,979,428.14	1,338,202.01
Prepayment	33,976,569.36	20,631,650.59
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other receivables	145,113,323.33	155,379,024.22
Including: interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventory	755,624,486.51	710,532,397.32
Contract assets	2,488,429,802.41	2,158,860,658.43
Assets held for sales		
Non-current assets due in 1 year	327,120,273.54	
Other current assets	248,401,322.80	200,981,963.60
Total current assets	6,389,829,854.85	5,449,988,220.67
Non-current assets:		
Loan and advancement provided		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	54,757,017.40	54,969,042.14
Investment in other equity tools		11,968,973.86
Other non-current financial assets	7,455,617.17	7,507,434.68
Investment real estate	5,756,809,168.26	5,760,517,577.11
Fixed assets	620,828,178.38	646,812,853.36
Construction in process	109,414,347.33	
Productive biological assets		
Gas & petrol		
Use right assets	20,776,829.58	19,449,693.40
Intangible assets	140,073,209.88	72,679,444.26
R&D expense		
Goodwill		
Long-term amortizable expenses	6,749,314.04	9,744,661.01
Deferred income tax assets	182,858,549.07	220,060,976.88
Other non-current assets	86,799,770.90	491,486,416.65
Total of non-current assets	6,986,522,002.01	7,295,197,073.35
Total of assets	13,376,351,856.86	12,745,185,294.02
Current liabilities		
Short-term loans	2,208,055,039.21	1,318,238,522.78
Loans from Central Bank		
Call loan received		

Transactional financial liabilities		
Derivative financial liabilities		293,400.00
Notes payable	868,886,946.79	734,890,208.56
Account payable	1,972,293,782.27	1,718,036,375.78
Prepayment received	1,432,885.03	1,439,653.84
Contract liabilities	198,164,209.47	207,993,671.55
Selling of repurchased financial assets		
Deposit received and held for others		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	74,063,112.26	67,150,863.91
Taxes payable	42,375,068.55	85,827,331.09
Other payables	117,581,764.15	113,425,377.70
Including: interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	64,135,136.46	83,778,647.06
Other current liabilities	53,524,655.05	48,133,198.49
Total current liabilities	5,600,512,599.24	4,379,207,250.76
Non-current liabilities:		
Insurance contract provision		
Long-term loans	660,000,000.00	1,263,500,000.00
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	6,675,870.04	6,907,456.55
Long-term payable	48,400,000.00	197,640,219.18
Long-term employees' wage payable		
Anticipated liabilities	4,842,411.47	3,372,553.84
Deferred earning	8,978,678.72	8,999,880.44
Deferred income tax liabilities	1,012,146,459.12	1,065,172,771.00
Other non-current liabilities		
Total of non-current liabilities	1,741,043,419.35	2,545,592,881.01
Total liabilities	7,341,556,018.59	6,924,800,131.77
Owner's equity:		
Share capital	1,073,874,227.00	1,073,874,227.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	11,459,588.40	11,459,588.40
Less: Shares in stock		
Other miscellaneous income	23,121,870.79	31,986,716.79

Special reserves		
Surplus reserve	79,324,940.43	79,324,940.43
Common risk provisions		
Retained profit	4,772,359,940.45	4,553,295,402.30
Total of owner's equity belong to the parent company	5,960,140,567.07	5,749,940,874.92
Minor shareholders' equity	74,655,271.20	70,444,287.33
Total of owners' equity	6,034,795,838.27	5,820,385,162.25
Total of liabilities and owner's interest	13,376,351,856.86	12,745,185,294.02

Legal representative: Xiong Jianming CFO: Lin Kebing Accounting Manager: Wu Bohua

2. Balance Sheet of the Parent Company

In RMB

Item	December 31, 2023	January 1, 2023
Current asset:		
Monetary capital	45,926,194.32	87,710,288.64
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Account receivable	683,592.53	647,944.58
Receivable financing		
Prepayment	324,209.77	277,763.31
Other receivables	1,684,718,397.92	1,046,500,428.02
Including: interest receivable		
Dividend receivable		
Inventory		
Contract assets		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	1,849,530.81	1,395,020.37
Total current assets	1,733,501,925.35	1,136,531,444.92
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	1,526,831,253.00	1,457,331,253.00
Investment in other equity tools		11,968,973.86
Other non-current financial assets	30,000,001.00	30,000,001.00
Investment real estate	333,236,768.00	333,236,768.00
Fixed assets	63,599,689.10	66,203,194.37
Construction in process		
Productive biological assets		
Gas & petrol		
Use right assets	8,346,277.85	12,055,734.65

Intangible assets	852,064.55	1,038,211.65
R&D expense		
Goodwill		
Long-term amortizable expenses	472,845.61	393,807.16
Deferred income tax assets		30,304,587.98
Other non-current assets		
Total of non-current assets	1,963,338,899.11	1,942,532,531.67
Total of assets	3,696,840,824.46	3,079,063,976.59
Current liabilities		
Short-term loans	300,270,416.67	300,247,500.00
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	804,004.81	803,645.08
Prepayment received	736,644.20	820,758.71
Contract liabilities		
Employees' wage payable	2,781,026.66	3,444,985.79
Taxes payable	364,147.97	353,816.35
Other payables	1,041,696,906.24	308,443,521.52
Including: interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	3,936,569.69	3,613,300.13
Other current liabilities	41,741.14	25,213.92
Total current liabilities	1,350,631,457.38	617,752,741.50
Non-current liabilities:		
Long-term loans		
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	5,464,762.02	9,401,331.72
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	37,279,049.28	74,007,022.67
Other non-current liabilities		
Total of non-current liabilities	42,743,811.30	83,408,354.39
Total liabilities	1,393,375,268.68	701,161,095.89
Owner's equity:		
Share capital	1,073,874,227.00	1,073,874,227.00
Other equity tools		
Including: preferred stock		
Perpetual bond		

Capital reserves	360,835.52	360,835.52
Less: Shares in stock		
Other miscellaneous income	-10,082,945.37	-1,106,214.97
Special reserves		
Surplus reserve	79,324,940.43	79,324,940.43
Retained profit	1,159,988,498.20	1,225,449,092.72
Total of owners' equity	2,303,465,555.78	2,377,902,880.70
Total of liabilities and owner's interest	3,696,840,824.46	3,079,063,976.59

3. Consolidated Income Statement

In RMB

Item	2023	2022
1. Total revenue	4,292,204,716.01	3,846,975,948.44
Incl. Business income	4,292,204,716.01	3,846,975,948.44
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	3,931,058,087.22	3,455,330,616.20
Incl. Business cost	3,404,642,473.33	2,917,753,967.52
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy responsibility contract reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	40,354,397.22	66,953,438.48
Sales expense	58,488,714.76	54,970,163.01
Administrative expense	174,674,755.81	157,138,338.83
R&D cost	180,070,801.25	161,812,913.02
Financial expenses	72,826,944.85	96,701,795.34
Including: interest cost	87,186,232.75	100,581,343.99
Interest income	29,144,115.88	23,892,574.84
Add: other gains	17,113,408.26	13,909,584.57
Investment gains ("-" for loss)	-4,562,134.58	6,185,954.47
Incl. Investment gains from affiliates and joint ventures	-212,024.74	-249,904.00
Financial assets derecognised as a result of amortized cost	-4,656,380.30	-3,778,070.96
Exchange gains ("-" for loss)		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)	-28,534,518.77	-10,113,947.45
Credit impairment ("-" for loss)	-35,051,664.32	-34,635,724.91

Investment impairment loss ("-" for loss)	6,020,287.93	-35,575,418.55
Investment gains ("-" for loss)	381,572.12	-1,421,880.09
3. Operational profit ("-" for loss)	316,513,579.43	329,993,900.28
Plus: non-operational income	2,639,291.21	1,403,387.89
Less: non-operational expenditure	1,376,476.43	4,167,958.09
4. Gross profit ("-" for loss)	317,776,394.21	327,229,330.08
Less: Income tax expenses	40,817,495.88	41,074,830.04
5. Net profit ("-" for net loss)	276,958,898.33	286,154,500.04
(1) By operating consistency		
1. Net profit from continuous operation ("-" for net loss)	276,958,898.33	286,154,500.04
2. Net profit from discontinuous operation ("-" for net loss)		
(2) By ownership		
1. Net profit attributable to the shareholders of the parent company	272,758,249.50	282,933,854.32
2. Minor shareholders' equity	4,200,648.83	3,220,645.72
6. After-tax net amount of other misc. incomes	-8,854,510.96	-3,281,545.04
After-tax net amount of other misc. incomes attributed to parent's owner	-8,864,846.00	-3,339,154.99
(1) Other misc. incomes that cannot be re-classified into gain and loss	-8,976,730.40	-1,658,759.09
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools	-8,976,730.40	-1,658,759.09
4. Fair value change of the Company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss	111,884.40	-1,680,395.90
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Fair value change of other debt investment		
3. Gains and losses from changes in fair value of available-for-sale financial assets		
4. Other credit investment credit impairment provisions		
5. Cash flow hedge reserve	-273,758.04	-477,624.42
6. Translation difference of foreign exchange statement	385,642.44	1,238,329.43
7. Others		-2,441,100.91
After-tax net of other misc. income attributed to minority shareholders	10,335.04	57,609.95
7. Total of misc. incomes	268,104,387.37	282,872,955.00
Total of misc. incomes attributable to the owners of the parent company	263,893,403.50	279,594,699.33
Total misc gains attributable to the minor shareholders	4,210,983.87	3,278,255.67
8. Earnings per share		
(1) Basic earnings per share	0.25	0.26
(2) Diluted earnings per share	0.25	0.26

Net profit contributed by entities merged under common control in the report period was RMB0.00, net profit realized by parties merged during the previous period is RMB0.00.

Legal representative: Xiong Jianming CFO: Lin Kebing Accounting Manager: Wu Bohua

4. Income Statement of the Parent Company

In RMB

Item	2023	2022
1. Turnover	24,692,199.04	28,268,463.91
Less: Operation cost	26,289.08	207,701.70
Taxes and surcharges	1,317,388.51	1,047,368.79
Sales expense		
Administrative expense	30,558,951.47	32,282,732.92
R&D cost		
Financial expenses	8,388,228.10	10,510,674.85
Including: interest cost	9,288,176.00	10,543,271.85
Interest income	831,166.04	1,232,336.85
Add: other gains	117,077.52	160,960.32
Investment gains ("-" for loss)		566,025.88
Incl. Investment gains from affiliates and joint ventures		
Financial assets derecognised as a result of amortized cost ("-" for loss)		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)		-1,772,536.00
Credit impairment ("-" for loss)	360,899.21	1,722,726.79
Investment impairment loss ("-" for loss)		
Investment gains ("-" for loss)		-26,464.40
2. Operational profit ("-" for loss)	-15,120,681.39	-15,129,301.76
Plus: non-operational income	44,168.07	1,771.93
Less: non-operational expenditure	121,511.80	54,784.14
3. Gross profit ("-" for loss)	-15,198,025.12	-15,182,313.97
Less: Income tax expenses	-3,431,141.95	-3,445,357.33
4. Net profit ("-" for net loss)	-11,766,883.17	-11,736,956.64
(1) Net profit from continuous operation ("-" for net loss)	-11,766,883.17	-11,736,956.64
(2) Net profit from discontinuous operation ("-" for net loss)		
5. After-tax net amount of other misc. incomes	-8,976,730.40	-585,428.86
(1) Other misc. incomes that cannot be re-classified into gain and loss	-8,976,730.40	-1,658,759.09
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools	-8,976,730.40	-1,658,759.09
4. Fair value change of the Company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss		1,073,330.23
1. Other comprehensive income that can be		

transferred to profit or loss under the equity method		
2. Fair value change of other debt investment		
3. Gains and losses from changes in fair value of available-for-sale financial assets		
4. Other credit investment credit impairment provisions		
5. Cash flow hedge reserve		
6. Translation difference of foreign exchange statement		
7. Others		1,073,330.23
6. Total of misc. incomes	-20,743,613.57	-12,322,385.50
7. Earnings per share		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	2023	2022
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	4,203,440,613.14	3,400,391,396.08
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Cash received as interest, processing fee, and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Net cash received from trading securities		
Tax refunded	8,419,916.54	100,113,710.79
Other cash received from business operation	106,386,664.36	69,792,677.61
Sub-total of cash inflow from business operations	4,318,247,194.04	3,570,297,784.48
Cash paid for purchasing products and services	3,045,048,069.68	2,501,276,962.17
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in funds dismantled		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to and for the staff	459,342,426.54	434,624,232.39
Taxes paid	245,852,193.38	194,268,739.66
Other cash paid for business activities	268,262,302.36	218,916,217.96
Sub-total of cash outflow from business operations	4,018,504,991.96	3,349,086,152.18
Cash flow generated by business operations, net	299,742,202.08	221,211,632.30
2. Cash flow generated by investment:		
Cash received from investment recovery		2,896,345,770.15
Cash received as investment profit		9,837,299.48
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	375,640.16	3,106,620.00

Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	375,640.16	2,909,289,689.63
Cash paid for construction of fixed assets, intangible assets and other long-term assets	118,890,749.97	128,217,974.92
Cash paid as investment	0.00	2,872,004,000.00
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment	50,000.00	49,940.00
Subtotal of cash outflows	118,940,749.97	3,000,271,914.92
Cash flow generated by investment activities, net	-118,565,109.81	-90,982,225.29
3. Cash flow generated by financing activities:		
Cash received from investment		
Incl. Cash received from investment attracted by subsidiaries from minority shareholders		
Cash received from borrowed loans	2,876,228,738.64	1,670,354,493.21
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	2,876,228,738.64	1,670,354,493.21
Cash paid to repay debts	2,647,603,587.53	1,705,142,253.30
Cash paid as dividend, profit, or interests	141,883,286.28	152,414,163.36
Incl. Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing activities	274,354,261.52	59,823,454.68
Subtotal of cash outflow from financing activities	3,063,841,135.33	1,917,379,871.34
Net cash flow generated by financing activities	-187,612,396.69	-247,025,378.13
4. Influence of exchange rate changes on cash and cash equivalents	2,418,493.78	8,222,828.59
5. Net increase in cash and cash equivalents	-4,016,810.64	-108,573,142.53
Plus: Balance of cash and cash equivalents at the beginning of term	783,677,929.06	892,251,071.59
6. Balance of cash and cash equivalents at the end of the period	779,661,118.42	783,677,929.06

6. Cash Flow Statement of the Parent Company

In RMB

Item	2023	2022
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	17,959,740.25	20,735,985.55
Tax refunded	278,140.90	
Other cash received from business operation	5,000,885,248.92	3,977,104,356.14
Sub-total of cash inflow from business operations	5,019,123,130.07	3,997,840,341.69
Cash paid for purchasing products and services	4,266,205.51	3,197,334.25
Cash paid to and for the staff	18,497,935.21	20,177,382.13
Taxes paid	2,566,398.39	9,132,198.00
Other cash paid for business activities	4,903,847,461.83	3,663,216,835.55
Sub-total of cash outflow from business operations	4,929,178,000.94	3,695,723,749.93
Cash flow generated by business operations, net	89,945,129.13	302,116,591.76
2. Cash flow generated by investment:		
Cash received from investment recovery		1,082,000,000.00
Cash received as investment profit		566,025.88
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		691,000.00
Net cash received from disposal of subsidiaries or other operational units		

Other investment-related cash received		
Sub-total of cash inflow generated from investment		1,083,257,025.88
Cash paid for construction of fixed assets, intangible assets and other long-term assets	285,589.76	2,154,542.00
Cash paid as investment	69,500,000.00	1,342,500,000.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	69,785,589.76	1,344,654,542.00
Cash flow generated by investment activities, net	-69,785,589.76	-261,397,516.12
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	300,000,000.00	300,000,000.00
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	300,000,000.00	300,000,000.00
Cash paid to repay debts	300,000,000.00	300,000,000.00
Cash paid as dividend, profit, or interests	62,021,628.02	64,834,502.57
Other cash paid for financing activities		
Subtotal of cash outflow from financing activities	362,021,628.02	364,834,502.57
Net cash flow generated by financing activities	-62,021,628.02	-64,834,502.57
4. Influence of exchange rate changes on cash and cash equivalents	77,994.33	-22,821.27
5. Net increase in cash and cash equivalents	-41,784,094.32	-24,138,248.20
Plus: Balance of cash and cash equivalents at the beginning of term	87,460,288.64	111,598,536.84
6. Balance of cash and cash equivalents at the end of the period	45,676,194.32	87,460,288.64

7. Statement of Change in Owners' Equity (Consolidated)

Amount of the Current Term

In RMB

Item	2023														
	Owners' Equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Common risk provisions	Retained profit	Others	Subtotal		
		Preferred share	Perpetual bond	Others											
1. Balance at the end of last year	1,073,874,227.00				11,459,588.40		31,986,716.79		79,324,940.43		4,553,295,402.30		5,749,940,874.92	70,444,287.33	5,820,385,162.25
2. Balance at the begi	1,073,874,227.00				11,459,588.40		31,986,716.79		79,324,940.43		4,553,295,402.30		5,749,940,874.92	70,444,287.33	5,820,385,162.25

nning of current year															
3. Change amount in the current period ("-" for decrease)							-8,864,846.00				219,064,538.15		210,199,692.15	4,210,983.87	214,410,676.02
(1) Total of misc. incomes							-8,864,846.00				272,758,249.50		263,893,403.50	4,210,983.87	268,104,387.37
(2) Investment or decreasing of capital by owners															
(3) Profit allotment											-53,693,711.35		-53,693,711.35		-53,693,711.35
1. Provision of surplus reserves															
2. Distribution to owners (or											-53,693,711.35		-53,693,711.35		-53,693,711.35

shareholders)														
(4) Internal carry-over of owners' equity														
(5) Special reserves														
(6) Others														
4. Balance at the end of this period	1,073,874,227.00				11,459,588.40		23,121,870.79		79,324,940.43		4,772,359,940.45		5,960,140,567.07	74,655,271.20	6,034,795,838.27

Amount of the Previous Term

In RMB

Item	2022														
	Owners' Equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Common risk provisions	Retained profit	Others	Subtotal		
		Preferred share	Perpetual bond	Others											
1. Balance at the end of last year	1,073,874,227.00				11,459,588.40		35,325,871.78		79,324,940.43		4,324,055,259.33		5,524,039,886.94	67,166,031.66	5,591,205,918.60
2. Bala	1,073,874,22				11,459,588.4		35,325,871.7		79,324,940.4		4,324,055,25		5,524,039,88	67,166,031.6	5,591,205,91

nce at the beginning of current year	7.00				0		8		3		9.33		6.94	6	8.60
3. Change amount in the current period ("-" for decrease)							-3,339,154.99				229,240,142.97		225,900,987.98	3,278,255.67	229,179,243.65
(1) Total of misc. incomes							-3,339,154.99				282,933,854.32		279,594,699.33	3,278,255.67	282,872,955.00
(2) Investment or decreasing of capital by owners															
(3) Profit allotment											-53,693,711.35		-53,693,711.35		-53,693,711.35
1. Provision of surplus reserves															
2. Distributi											-53,693,7		-53,693,7		-53,693,7

on to owners (or shareholders)											11.35		11.35		11.35
(4) Internal carry-over of owners' equity															
(5) Special reserves															
(6) Others															
4. Balance at the end of this period	1,073,874,227.00				11,459,588.40		31,986,716.79		79,324,940.43		4,553,295,402.30		5,749,940,874.92	70,444,287.33	5,820,385,162.25

8. Statement of Change in Owners' Equity (Parent Company)

Amount of the Current Term

In RMB

Item	2023											
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Retained profit	Others	Total of owners' equity
		Preferred share	Perpetual bond	Others								
1. Balance at the end of last year	1,073,874,227.00				360,835.52		-1,106,214.97		79,324,940.43	1,225,449,092.72		2,377,902,880.70
2.	1,073,				360,83		-		79,324	1,225,		2,377,

Balance at the beginning of current year	874,227.00				5.52		1,106,214.97		,940.43	449,092.72		902,880.70
3. Change amount in the current period ("-" for decrease)							-8,976,730.40			-65,460,594.52		-74,437,324.92
(1) Total of misc. incomes							-8,976,730.40			-11,766,883.17		-20,743,613.57
(2) Investment or decreasing of capital by owners												
(3) Profit allotment										-53,693,711.35		-53,693,711.35
1. Provision of surplus reserves												
2. Distribution to owners (or shareholders)										-53,693,711.35		-53,693,711.35
(4) Internal carry-over of owners												

' equity												
(5) Special reserves												
(6) Others												
4. Balance at the end of this period	1,073,874,227.00				360,835.52		-10,082,945.37		79,324,940.43	1,159,988,498.20		2,303,465,555.78

Amount of the Previous Term

In RMB

Item	2022											
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Retained profit	Others	Total of owners' equity
		Preferred share	Perpetual bond	Others								
1. Balance at the end of last year	1,073,874,227.00				360,835.52		-520,786.11		79,324,940.43	1,290,879,760.71		2,443,918,977.55
2. Balance at the beginning of current year	1,073,874,227.00				360,835.52		-520,786.11		79,324,940.43	1,290,879,760.71		2,443,918,977.55
3. Change amount in the current period ("-" for decrease)							-585,428.86			-65,430,667.99		-66,016,096.85
(1) Total of misc. incomes							-585,428.86			-11,736,956.64		-12,322,385.50

(2) Investment or decreasing of capital by owners												
(3) Profit allotment										-53,693,711.35		-53,693,711.35
1. Provision of surplus reserves												
2. Distribution to owners (or shareholders)										-53,693,711.35		-53,693,711.35
(4) Internal carry-over of owners' equity												
(5) Special reserves												
(6) Others												
4. Balance at the end of this period	1,073,874,227.00				360,835.52		-1,106,214.97		79,324,940.43	1,225,449,092.72		2,377,902,880.70

III. General Information

China Fangda Group Co., Ltd. (the "Company" or the "Group") is a joint stock company registered in Shenzhen, Guangdong and was approved by the Government of Shenzhen with

Document 深府办函 (1995) 194 号, and was founded, on the basis of Shenzhen Fangda Construction Material Co., Ltd., by way of share issuing in October 1995. The unified social credit code is: 91440300192448589C; registered address: Fangda Technology Building, Keji South 12th Road, South District, High-tech Industrial Park, Nanshan District, Shenzhen. Mr. Xiong Jianming is the legal representative.

The Company issued foreign currency shares (B shares) and local currency shares (A shares) and listed in November 1995 and April 1996 respectively in Shenzhen Stock Exchange. The Company received the Reply to the Non-public Share Issuance of Fangda China Group Co., Ltd. (CSRC License [2016] No.825) to allow the Company to conduct non-public issuance of 32,184,931 A-shares in June 20116. According to the 2016 profit distribution plan approved by the 2016 general meeting of shareholders, based on the total share capital of 789,094,836 shares as of December 31, 2016, the Company transferred 5 shares for every 10 shares to all shareholders with the capital reserve. The registered capital at the end of 2017 was RMB 1,183,642,254.00. The Company repurchased and canceled 28,160,568.00 B shares in August 2018, 32,097,497.00 B shares in January 2019, 35,105,238.00 B shares in May 2020, 14404724.00 B shares in April 2021 and cancelled in April 2021. The existing registered capital is RMB1,073,874,227.00 yuan.

The Company has established the corporate governance structure of the General Meeting of Shareholders, the Board of Directors and the Board of Supervisors. At present, it has set up the President's Office, the Administration Department, the Human Resources Department, the Enterprise Management Department, the Finance Department, the Audit and Supervision Department, the Securities Department, the Legal Department, the Information Management Department, the Technology Innovation Department, the Development Planning Department and other departments, and has Shenzhen Fangda Construction Technology Group Co., Ltd. (hereinafter referred to as Fangda Construction Technology Co., Ltd.) Fangda Zhiyuan Technology Co., Ltd. (hereinafter referred to as Fangda Zhiyuan Technology Co., Ltd.), Fangda Jiangxi New Materials Co., Ltd., Fangda Real Estate Co., Ltd., Fangda New Energy Co., Ltd. and other subsidiaries.

The business nature and main business activities of the Company and its subsidiaries include: (1) curtain wall division, production and sales of curtain wall materials, design, production and installation of building curtain walls, and curtain wall testing and maintenance services; (2) Rail transit branch, assembly and processing of subway screen doors, screen door detection and maintenance services; (3) The real estate division is engaged in real estate development, operation and property management on the land that has legally obtained the right to use; (4) New energy division, photovoltaic power generation and sales; R&D, installation and sales of photovoltaic equipment, design and installation of photovoltaic power station project.

Date of financial statement approval: This financial statement is approved by the Board of Directors of the Company on March 29, 2024.

IV. Basis for the preparation of financial statements

1. Preparation basis

The Company prepares the financial statements based on continuous operation and according to actual transactions and events, with figures confirmed and measured in compliance with the Accounting Standards for Business Enterprises and other specific account standards, application guide and interpretations. The Company has also disclosed related financial information according to the requirement of the Regulations of Information Disclosure No.15 – General Provisions for Financial Statements (Revised in 2023) issued by the CSRC.

2. Continuous operation

The Company assessed the continuing operations capability of the Company for the 12 months from the end of the reporting period. No matters were found that would affect the Company's ability to continue as a going concern. It is reasonable for the Company to prepare financial statements based on continuing operations.

V. Significant Account Policies and Estimates

The following major accounting policies and accounting estimates shall be formulated in accordance with the accounting standards of the enterprise. Unmentioned operations are carried out in accordance with the relevant accounting policies in the enterprise accounting standards.

1. Statement of compliance to the Enterprise Accounting Standard

These financial statements meet the requirements of the Accounting Standards for Business Enterprises and truly and fully reflect the Company's financial status, performance result, changes in shareholders' equity and cash flows.

2. Fiscal Period

The Company The fiscal period ranges between January 1 and December 31 of the Gregorian calendar.

3. Operation period

Our normal business cycle is one year

4. Bookkeeping standard money

The Company's bookkeeping standard currency is Renminbi, and overseas subsidiaries are based on the currency of the main economic environment in which they operate.

5. Method for determining importance criteria and selection criteria

☑ Applicable □ Inapplicable

Item	Importance criteria
Amount of bad debt reserves recovered or reversed for important accounts receivable in the current period; important accounts receivable write off	Amount greater than 5% of the total consolidated profit and greater than RMB5 million
Important ongoing projects	Amount greater than 1% of total consolidated net assets
Important payables with an aging of over 1 year	A single project is greater than 0.1% of the combined total assets
Major non wholly-owned subsidiaries	Individual net assets greater than 1% of the total consolidated net assets
Important joint ventures and associates	The investment return is greater than 5% of the total consolidated profit and is greater than RMB5 million

6. Accounting treatment of the entities under common and different control

(1) Consolidation of entities under common control

The assets and liabilities acquired by the Company in a business combination are measured at the book value of the combined party in the consolidated financial statements of the ultimate controlling party on the date of combination. Among them, if the accounting policy adopted by the merger party is different from that adopted by the Company before the merger, the accounting policy is unified based on the principle of importance, that is, the book value of the assets and liabilities of the merger party is adjusted according to the accounting policy of the Company. If there is a difference between the book value of the net assets acquired by the Company in the business combination and the book value of the consideration paid, first adjust the balance of the capital reserve (capital premium or equity premium), the balance of the capital reserve (capital premium or equity premium) If it is insufficient to offset, the surplus reserve and undistributed profits will be offset in sequence.

For the accounting treatment method of business combination not under the same control through step-by-step transactions, see Chapter X, V. important accounting policies and accounting estimates 7. (5).

(2) Consolidation of entities under different control

All identifiable assets and liabilities acquired by the Company during the merger shall be measured at its fair value on the date of purchase. Among them, if the accounting policy adopted by the merger party is different from that adopted by the Company before the merger, the accounting policy is unified based on the principle of importance, that is, the book value of the assets and liabilities of the merger party is adjusted according to the accounting policy of the Company. The merger cost of the Company on the date of purchase is greater than the fair value of the assets and liabilities recognized by the purchaser in the merger, and is recognized as goodwill. If the merger cost is less than the difference between the identifiable assets and the fair value of the liabilities obtained by the purchaser in the enterprise merger, the merger cost and the fair value of the identifiable assets and the liabilities obtained by the purchaser in the enterprise merger are reviewed, and the merger cost is still less than the fair value of the identifiable assets and liabilities obtained by the purchaser after the review, the difference is considered as the profit and loss of the current period of the merger.

For the accounting treatment method of business combination not under the same control through step-by-step transactions, see Chapter X, V. important accounting policies and accounting estimates. 7. (5).

(3) Treatment of related transaction fee in enterprise merger

Agency expenses and other administrative expenses such as auditing, legal consulting, or appraisal services occurred relating to the merger of entities are accounted into current income account when occurred. The transaction fees of equity certificates or liability certificates issued by the purchaser for payment for the acquisition are accounted at the initial amount of the certificates.

7. Judgment criteria for control and preparation methods for consolidated financial statements

(1) Determination of control criteria and consolidation scope

Control means the power possessed by the Company on invested entities to share variable returns by participating in related activities of the invested entities and to impact the amount of the returns by using the power. The definition of control includes three basic elements: first, the investor has the power over the investee; second, enjoys variable returns due to participation in the investee's related activities; and third, has the ability to use the power over the investee to influence its return amount. When the Company's investment in the invested party meets the above three elements, it indicates that the Company can control the invested party.

The consolidated scope of the consolidated financial statements is determined on a control basis and includes not only subsidiaries determined on the basis of voting rights (or similar voting rights) themselves or in conjunction with other arrangements, but also structured subjects determined on the basis of one or more contractual arrangements.

The subsidiary company is the subject controlled by the Company (including the enterprise, the divisible part of the invested unit and the structured subject controlled by the enterprise, etc.). The structured subject is the subject which is not designed to determine the controlling party by taking the voting right or similar right as the decisive factor.

(2) Special provisions regarding the parent company being an investment entity

If the parent company is an investment entity, only those subsidiary companies that provide services related to investment activities of the investment entity shall be included in the consolidation scope. Other subsidiary companies shall not be consolidated and their equity investments shall be recognized as financial assets measured at fair value with changes in fair value recognized in profit or loss.

The parent company qualifies as an investment entity when it simultaneously meets the following conditions:

① The company obtains funds from one or more investors with the purpose of providing investment management services to the investors.

② The sole purpose of the company's operations is to generate returns for the investors through capital appreciation, investment income, or both.

③ The company evaluates and assesses the performance of almost all of its investments based on fair value.

When the parent company changes from a non-investment entity to an investment entity, it shall only include those subsidiary companies that provide relevant services for its investment activities in the preparation of consolidated financial statements. Other subsidiary companies shall no longer be consolidated, and the principle of recognizing partially disposed subsidiary companies' equity while retaining control shall be applied.

When the parent company changes from an investment entity to a non-investment entity, the subsidiary companies that were previously not included in the consolidation financial statements shall be included as of the date of the change. The fair value of these subsidiary companies on the date of the change shall be regarded as the transaction price of the acquisition and accounted for using the accounting treatment for business combinations under common control.

(3) Preparation of Consolidated Financial Statements

The Company prepares consolidated financial statements based on the financial statements of itself and its subsidiaries and based on other relevant information.

The Company compiles consolidated financial statements, regards the whole enterprise group as an accounting entity, reflects the overall financial status, operating results and cash flow of the enterprise group according to the confirmation, measurement and presentation requirements of the relevant enterprise accounting standards, and the unified accounting policy and accounting period.

① Merge the assets, liabilities, owner's rights and interests, income, expenses and cash flow of parent company and subsidiary company.

② Offset the long-term equity investment of the parent company to the subsidiary company and the share of the parent company in the ownership rights of the subsidiary company.

③ Offset the influence of internal transaction between parent company, subsidiary company and subsidiary company. If an internal transaction indicates that the relevant asset has suffered an impairment loss, the part of the loss shall be confirmed in full.

④ adjust the special transaction from the angle of enterprise group.

(4) Processing of subsidiaries during the reporting period

① Increase of subsidiaries or business

A. Subsidiary or business increased by business combination under the same control

(a) When preparing the consolidated balance sheet, adjust the opening number of the consolidated balance sheet and adjust the related items of the comparative statement. The same report entity as the consolidated balance sheet will exist from the time of the final control party.

(b) When preparing the consolidated cash flow statement, the cash flows of the subsidiary and the business combination from the beginning of the current period to the end of the reporting period are included in the consolidated cash flow statement, and the related items of the comparative statement are adjusted, which is regarded as the combined report body since the final The controller has been there since the beginning of control.

(c) When preparing the consolidated cash flow statement, the cash flows of the subsidiary and the business combination from the beginning of the current period to the end of the reporting period are included in the consolidated cash flow statement, and the related items of the comparative statement are adjusted, which is regarded as the combined report body since the final The controller has been there since the beginning of control.

B. Subsidiary or business increased by business combination under the same control

(a) When preparing the consolidated balance sheet, the opening number of the consolidated balance sheet is not adjusted.

(b) When preparing the consolidated profit statement, the income, expense and profit of the subsidiary company and the business Purchase date and Closing balance shall be included in the consolidated profit statement.

(c) When the consolidated cash flow statement is prepared, the cash flow from the purchase date of the subsidiary to the end of the reporting period is included in the consolidated cash flow statement.

② Disposal of subsidiaries or business

A. When preparing the consolidated balance sheet, the opening number of the consolidated balance sheet is not adjusted.

B. When preparing the consolidated profit statement, the income, expense and profit of the subsidiary company and the business opening and disposal date shall be included in the consolidated profit statement.

C. When the consolidated cash flow statement is prepared, the cash flow from the Beginning of the period of the subsidiary to the end of the reporting period is included in the consolidated cash flow statement.

(5) Special considerations in consolidation offsets

① The long-term equity investment held by a subsidiary company shall be regarded as the inventory shares of the Company as a subtraction of the owner's rights and interests, which shall be listed under the item of "subtraction: Stock shares" under the item of owner's rights and interests in the consolidated balance sheet.

The long-term equity investments held by the subsidiaries are offset by the shares of the shareholders of the subsidiaries.

② The "special reserve" and "general risk preparation" projects, because they are neither real capital (or share capital) nor capital reserve, but also different from the retained income and undistributed profits, are restored according to the ownership of the parent company after the long-term equity investment is offset by the ownership rights and interests of the subsidiary company.

③ If there is a temporary difference between the book value of assets and liabilities in the consolidated balance sheet and the taxable basis of the taxpayer due to the offset of the unrealized internal sales gain or loss, the deferred income tax asset or the deferred income tax liability is confirmed in the consolidated balance sheet, and the income tax expense in the consolidated profit statement is adjusted, with the exception of the deferred income tax related to the transaction or event directly included in the owner's equity and the merger of the enterprise.

④ The unrealized internal transaction gains and losses incurred by the company from selling assets to subsidiaries shall be fully offset against the "net profit attributable to the owners of the parent company". The unrealized internal transaction gains and losses arising from the sale of assets by the subsidiary to the Company shall be offset between the “net profit attributable to the owners of the parent company” and the “minority shareholder gains and losses” in accordance with the Company’s distribution ratio to the subsidiary. The unrealized internal transaction gains and losses arising from the sale of assets between subsidiaries shall be offset between the "net profit attributable to the owners of the parent company" and the "minority shareholders' gains and losses" in accordance with the Company's distribution ratio to the seller's subsidiary .

⑤ If the current loss shared by the minority shareholders of the subsidiary exceeds the share of the minority shareholders in the owner 's equity of the subsidiary at the beginning of the period, the balance should still be offset against the minority shareholders 'equity.

(6) Accounting treatment of special transactions

① Purchase minority shareholders' equity

The Company purchases the shares of the subsidiaries owned by the minority shareholders of the subsidiaries. In the individual financial statements, the investment costs of the newly acquired long-term investments of the minority shares shall be measured at the fair value of the price paid. In the consolidated financial statements, the difference between the newly acquired long-term equity investment due to the purchase of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date or the merger date should be adjusted according to the new shareholding ratio. The product (capital premium or equity premium), if the capital reserve is insufficient to offset, the surplus reserve and undistributed profits are offset in turn.

② Step-by-step acquisition of control of the subsidiary through multiple transactions

A. Enterprise merger under common control through multiple transactions

On the date of the merger, the Company determines the initial investment cost of the long-term equity investment in the individual financial statements based on the share of the subsidiary 's net assets that should be enjoyed after the merger in the final controller 's consolidated financial statements; the initial investment cost and the The difference between the book value of the long-term equity investment before the merger plus the book value of the consideration paid for new shares acquired on the merger date, the capital reserve (capital premium or equity premium) is adjusted, and the capital reserve (capital premium or equity premium) is insufficient to offset Reduced, in turn offset the surplus reserve and undistributed profits.

In consolidated financial statements, assets and liabilities obtained by the merging party from the merged party should be measured at the book value in the final controlling party's consolidated financial statements other than the adjustment made due to differences in accounting policies; adjust the capital surplus (share premium) according to the difference between the initial investment cost and the book value of the held investment before merger plus the book value of the consideration paid on the merger date. Where the capital surplus falls short, the retained income should be adjusted.

If the merging party holds the equity investment before acquiring the control of the merged party and is accounted for according to the equity method, the date of acquiring the original equity and the merging party and the merged party are in the same party's final control from the later date to the merger date The relevant gains and losses, other comprehensive income and other changes in owner's equity have been confirmed between them, and the retained earnings at the beginning of the comparative statement period should be offset separately.

B. Enterprise merger under common control through multiple transactions

On the merger day, in individual financial statements, the initial investment cost of the long-term equity investment on the merger day is based on the book value of the long-term equity investment previously held plus the sum of the additional investment costs on the merger day.

In the consolidated financial statements, the equity of the purchaser held prior to the date of purchase is revalued according to the fair value of the equity at the date of purchase, and the difference between the fair value and its book value is credited to the current investment income; If the shares held by the purchaser prior to the date of purchase involve other consolidated gains under the equity law accounting, the other consolidated gains related thereto shall be converted to the current gains on the date of purchase, with the exception of the other consolidated gains arising from the remeasurement of the net assets or net liabilities of the merged party. The Company disclosed in the notes the fair value of the equity of the purchased party held before the purchase date and the amount of related gains or losses remeasured according to the fair value.

(3) The Company disposes of long-term equity investment in subsidiaries without losing control

The parent company partially disposes of the long-term equity investment in the subsidiary company without losing control. In the consolidated financial statements, the disposal price corresponds to the disposal of the long-term equity investment. The difference between the shares is adjusted for the capital reserve (capital premium or equity premium). If the capital reserve is insufficient to offset, the retained earnings are adjusted.

④ The Company disposes of long-term equity investment in subsidiaries and loses control

A. One transaction disposition

If the Company loses control over the Invested Party due to the disposal of part of the equity investment, it shall remeasure the remaining equity according to its fair value at the date of loss of control when compiling the consolidated financial statement. The sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the difference between the share of the original subsidiary 's net assets that should be continuously calculated from the purchase date or the merger date, calculated as the loss of control The investment income of the current period.

Other comprehensive income and other owner's equity changes related to the equity investment of the atomic company are transferred to the current profit and loss when the control is lost, except for other comprehensive income arising from the remeasurement of the net benefits or net assets of the defined benefit plan by the investee. .

B. Multi-transaction step-by-step disposition

In consolidated financial statements, you should first determine whether a step-by-step transaction is a "blanket transaction".

If the step-by-step transaction does not belong to a "package deal", in the individual financial statements, for each transaction before the loss of control of the subsidiary, the book value of the long-term equity investment corresponding to each disposal of equity is carried forward, the price received and the disposal The difference between the book value of the long-term equity investment is included in the current investment income; in the consolidated financial statements, it should be handled in accordance with the relevant provisions of "the parent company disposes of the long-term equity investment in the subsidiary without losing control."

If a step-by-step transaction belongs to a "blanket transaction", the transaction shall be treated as a transaction that disposes of the subsidiary and loses control; In individual financial statements, the difference between each disposal price before the loss of control and the book value of the long-term equity investment corresponding to the equity being disposed of is first recognized as other consolidated gains and then converted to the current loss of control at the time of the loss of control; In the consolidated financial statements, for each transaction prior to the loss of control, the difference between the disposition of the price and the disposition of the investment corresponding to the share in the net assets of the subsidiary shall be recognized as other consolidated gains and shall, at the time of the loss of control, be transferred to the loss of control for the current period.

Where the terms, conditions, and economic impact of each transaction meet one or more of the following conditions, usually multiple transactions are treated as a "package deal":

(a) These transactions were concluded at the same time or in consideration of mutual influence.

(b) These transactions can only achieve the business result as a whole;

(c) The effectiveness of one transaction depends the occurance of at least another transaction;

(d) A single transaction is not economic and is economic when considered together with other transactions.

(5) Proportion of minority shareholders in factor companies who increase capital and dilute ownership of parent companies

Proportion of Others (minority shareholders in factor companies who increase capital , dilute Subsidiaries of parent companies. In the consolidated financial statements, the share of the parent company in the net book assets of the former subsidiary of the capital increase is calculated according to the share ratio of the parent company before the capital increase, the difference between the share and the net book assets of the latter subsidiary after the capital increase is calculated according to the share ratio of the parent company, the capital reserve (capital premium or capital premium), the capital reserve (capital premium or capital premium) is not offset, and the retained income is adjusted.

8. Recognition of cash and cash equivalents

Cash refers to cash in stock and deposits that can be used for payment at any time. Cash equivalents refer to investments with a short holding period (generally referring to expiry within three months from the date of purchase), strong liquidity, easy to convert to a known amount of cash, and little risk of value change.

9.Foreign exchange business and foreign exchange statement translation

(1) Methods for determining conversion rates in foreign currency transactions

The Company translates foreign currency transactions into the functional currency at the initial recognition using the spot exchange rate on the transaction date or an approximate exchange rate that is determined according to a reasonable method and is close to the spot exchange rate on the transaction date. The resulting amount is recorded in the accounting currency.

(2) Methods of conversion of foreign currency currency currency items on balance sheet days

At the balance sheet date, foreign currency items are translated on the spot exchange rate of the balance sheet date. The exchange differences caused by the difference in exchange rates on the balance sheet date and initial recognizing date or previous balance sheet date are included in the current profits and losses. Non-monetary items accounted in foreign currency and on historical costs are exchanged with the spot exchange rate on the transaction date. Non-monetary items accounted in foreign currency and on fair value are exchanged with the spot exchange rate on the determination date of the fair value. The exchange difference between the accounting standard-currency amount and the original accounting standard-currency amount are included in the current profits and losses.

(3) Translation of foreign exchange statements

Prior to the conversion of the financial statements of an enterprise's overseas operations, the accounting period and policy of the overseas operations should be adjusted to conform to the accounting period and policy of the enterprise. The financial statements of the corresponding currency (other than the functional currency) should be prepared according to the adjusted accounting policy and the accounting period. The financial statements of the overseas operations should be converted according to the following methods:

① The assets and liabilities items in the balance sheet are translated at the spot exchange rate on the balance sheet date. Except for the "undistributed profits" items, the owner's equity items are translated at the spot exchange rate when they occur.

② The income and expense items in the profit statement are converted at the spot exchange rate on the transaction date or the approximate exchange rate of the spot exchange rate.

③ The foreign currency cash flow and the foreign subsidiary's cash flow are converted using the immediate exchange rate or the approximate exchange rate at the date of the cash flow.

The impact of exchange rate changes on cash should be used as an adjustment item and presented separately in the cash flow statement.

④ During the preparation of the consolidated financial statements, the resulting foreign currency financial statement conversion variance is presented separately under the owner's equity item in the consolidated balance sheet.

When foreign operations are disposed of and the control rights are lost, the difference in foreign currency statements related to the overseas operations that are listed in the shareholders' equity items in the balance sheet is transferred to the profit or loss for the current period, either in whole or in proportion to the disposal of the foreign operations.

10. Financial instrument

Financial instrument refers to a company's financial assets and contracts that form other units of financial liabilities or equity instruments.

(1) Recognition and de-recognition of financial instrument

The Company recognizes a financial asset or liability when it becomes one party in the financial instrument contract.

Financial asset is derecognized when:

① The contractual right to receive the cash flows of the financial assets is terminated;

② The financial asset is transferred and meets the following derecognition condition.

If the current obligation of a financial liability (or part of it) has been discharged, the Company derecognises the financial liability (or part of the financial liability). When the Company (borrower) and lender enter into an agreement to replace the original financial liabilities by undertaking new financial liabilities and the contract terms for the new financial liabilities are essentially different from those for the original one, the original financial liabilities will be derecognized and new financial liabilities will be recognized. Where the Company makes substantial amendments to the contract terms of the original financial liability (or part thereof), it shall terminate the original financial liability and confirm a new financial liability in accordance with the amended terms.

Financial asset transactions in regular ways are recognized and de-recognized on the transaction date. The conventional sale of financial assets means the delivery of financial assets in accordance with the contractual terms and conditions, at the time set out in the regulations or market practices. Transaction date refers to the date when the Company promises to buy or sell financial assets.

(2) Classification and subsequent measurement of financial assets

At initial recognition, the Company classifies financial assets into the following three categories based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets: financial assets measured at amortized cost are measured at fair value and their changes are included in other financial assets with current profit and loss and financial assets measured at fair value through profit or loss. Unless the Company changes the business model for managing financial assets, in this case, all affected financial assets are reclassified on the first day of the first reporting period after the business model changes, otherwise the financial assets may not be initially confirmed.

Financial assets are measured at the fair value at the initial recognition. For financial assets measured at fair value with variations accounted into current income account, related transaction expenses are accounted into the current income. For other financial assets, the related transaction expenses are accounted into the initial recognized amounts. Bills receivable and accounts receivable arising from the sale of commodities or the provision of labor services that do not contain or do not consider significant financing components, the Company performs initial measurement according to the transaction price defined by the income standard.

The subsequent measurement of financial assets depends on their classification:

① Financial assets measured at amortized cost

Financial assets that meet the following conditions at the same time are classified as financial assets measured at amortized cost: The Company 's business model for managing this financial asset is to collect contractual cash flows as its goal; the contract terms of the financial asset stipulate that Cash flow is only the payment of principal and interest based on the outstanding principal amount. For such financial assets, the actual interest rate method is used for subsequent measurement according to the amortized cost. The gains or losses arising from the termination of recognition, amortization or impairment based on the actual interest rate method are included in the current profit and loss.

② Financial assets measured at fair value and whose changes are included in other comprehensive income

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value and their changes are included in other comprehensive income: The Company's business model for managing this financial asset is to both target the collection of contractual cash flows and the sale of financial assets. Objective; The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only for the payment of principal and interest based on the outstanding principal amount. For such financial assets, fair value is used for subsequent measurement. Except for impairment losses or gains and exchange gains and losses recognized as current gains and losses, changes in the fair value of such financial assets are recognized as other comprehensive income. Until the financial asset is derecognized, its accumulated gains or losses are transferred to current gains and losses. However, the relevant interest income of the financial asset calculated by the actual interest rate method is included in the current profit and loss.

The Company irrevocably chooses to designate a portion of non-tradable equity instrument investment as a financial asset measured at fair value and whose variation is included in other consolidated income. Only the relevant dividend income is included in the current profit and loss, and the variation of fair value is recognized as other consolidated income.

③ Financial assets measured at fair value with variations accounted into current income account

The above financial assets measured at amortized cost and other financial assets measured at fair value and whose changes are included in other comprehensive income are classified as financial assets measured at fair value and whose changes are included in the current profit and loss. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are included in current profit and loss.

(3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into financial liabilities measured at fair value and their changes included in the current profit and loss, loan commitments and financial guarantee contract liabilities for loans below market interest rates, and financial liabilities measured at amortized cost.

The subsequent measurement of financial liabilities depends on their classification:

① Financial liabilities measured at fair value with variations accounted into current income account

Such financial liabilities include transactional financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. After the initial recognition, the financial liabilities are subsequently measured at fair value. Except for the hedge accounting, the gains or losses (including interest expenses) are recognized in profit or loss. However, for the financial liabilities designated as fair value and whose variations are included in the profits and losses of the current period, the variable amount of the fair value of the financial liability due to the variation of credit risk of the financial liability shall be included in the other consolidated income. When the financial liability is terminated, the cumulative gains and losses previously included in the other consolidated income shall be transferred out of the other consolidated income and shall be included in the retained income.

② Loan commitments and financial security contractual liabilities

A loan commitment is a promise that the Company provides to customers to issue loans to customers with established contract terms within the commitment period. Loan commitments are provided for impairment losses based on the expected credit loss model.

A financial guarantee contract refers to a contract that requires the Company to pay a specific amount of compensation to the contract holder who suffered a loss when a specific debtor is unable to repay the debt in accordance with the original or modified debt instrument terms. Financial guarantee contract liabilities are subsequently measured based on the higher of the loss reserve amount determined in accordance with the principle of impairment of financial instruments and the initial recognition amount after deducting the accumulated amortization amount determined in accordance with the revenue recognition principle.

③ Financial liabilities measured at amortized cost

After initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Except in special circumstances, financial liabilities and equity instruments are distinguished according to the following principles:

a. If the Company cannot unconditionally avoid delivering cash or other financial assets to fulfill a contractual obligation, the contractual obligation meets the definition of financial liability. While some financial instruments do not explicitly contain terms and conditions for the delivery of cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions.

B. If a financial instrument is required to be settled with or can be settled with the Company's own equity instruments, the Company's own equity instrument used to settle the instrument needs to be considered as a substitute for cash or other financial assets or for the holder of the instrument to enjoy the remaining equity in the assets after all liabilities are deducted.

If it is the former, the instrument is the financial liabilities of the issuer; if it is the latter, the instrument is the equity instrument of the issuer. In some cases, a financial instrument contract provides that the Company shall or may use its own instrument of interest, in which the amount of a contractual right or obligation is equal to the amount of the instrument of its own interest which may be acquired or delivered multiplied by its fair value at the time of settlement, whether the amount of the contractual right or obligation is fixed or is based entirely or in part on a variation of a variable other than the market price of the instrument of its own interest, such as the rate of interest, the price of a commodity or the price of a financial instrument, the contract is classified as a financial liability.

(4) Derivative financial instruments and embedded derivatives

Derivative financial instruments are initially measured at the fair value of the day when the derivative transaction contract is signed, and are subsequently measured at their fair values. Derivative financial instruments with a positive fair value are recognized as asset, and instruments with a negative fair value are recognized as liabilities.

The gains and losses arising from the change in fair value of derivatives are directly included in the profits and losses of the current period, except that the part of the cash flow that is valid in the hedge is included in the other consolidated income and transferred out when the hedged item affects the gain and loss of the current period.

For a hybrid instrument containing an embedded derivative instrument, if the principal contract is a financial asset, the hybrid instrument as a whole applies the relevant provisions of the financial asset classification. If the main contract is not a financial asset, and the hybrid instrument is not measured at fair value and its changes are included in the current profit and loss for accounting, the embedded derivative does not have a close relationship with the main contract in terms of economic characteristics and risks, and it is If the instruments with the same conditions and exist separately meet the definition of derivative instruments, the embedded derivative instruments are separated from the mixed instruments and treated as separate derivative financial instruments. If the fair value of the embedded derivative on the acquisition date or the subsequent balance sheet date cannot be measured separately, the hybrid instrument as a whole is designated as a financial asset or financial liability measured at fair value and whose changes are included in the current profit or loss.

(5) Financial instrument Less

The Company shall confirm the preparation for loss on the basis of expected credit loss for financial assets measured at amortization costs, creditor's rights investments measured at fair value, contractual assets, leasing receivables, loan commitments and financial guarantee contracts, etc.

① Measurement of expected credit losses of accounts receivable

The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company at the original actual interest rate, that is, the present value of all cash shortages. Among them, the financial assets which have been purchased or born by the Company shall be discounted according to the actual rate of credit adjustment of the financial assets.

The expected lifetime credit loss is the expected credit loss due to all possible default events during the entire expected life of the financial instrument.

Expected credit losses in the next 12 months are expected to result from possible defaults in financial instruments within 12 months after the balance sheet date (or estimated duration of financial instruments if the expected duration is less than 12 months) Credit losses are part of the expected lifetime credit loss.

On each balance sheet day, the Company measures the expected credit losses of financial instruments at different stages. Where the credit risk has not increased significantly since the initial confirmation of the financial instrument, it is in the first stage. The Company measures the preparation for loss according to the expected credit loss in the next 12 months. Where the credit risk has increased significantly since the initial confirmation but the credit impairment has not occurred, the financial instrument is in the second stage. Where a credit impairment has occurred since the initial confirmation of the financial instrument, it shall be in the third stage, and the Company shall prepare for measuring the expected credit loss of the whole survival period of the instrument.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that the credit risk has not increased significantly since the initial recognition, and measures the loss provision based on the expected credit losses in the next 12 months.

For financial instruments that are in the first and second stages and with lower credit risk, the Company calculates interest income based on their book balances and actual interest rates without deduction for impairment provision. For financial instruments in the third stage, interest income is calculated based on the amortized cost and the actual interest rate after the book balance minus the provision for impairment.

Regarding bills receivable, accounts receivable and financing receivables, regardless of whether there is a significant financing component, the Company measures the loss provision based on the expected credit losses throughout the duration.

Accounts receivable/contract assets

Where there is objective evidence of impairment, as well as other receivable instruments, receivables, other receivables, receivables financing and long-term receivables applicable to individual assessments, separate impairment tests are performed to confirm expected credit losses and prepare individual impairment. For notes receivable, accounts receivable, other receivables, financing of receivables, long-term receivables, and contract assets for which there is no objective evidence of impairment, or when individual financial assets cannot be assessed at a reasonable cost, the Company divides bills receivable, accounts receivable, other receivables, receivable financing, long-term receivables, and contract assets into several combinations based on credit risk characteristics, and calculates expected credit losses on the basis of the combination. The basis for determining the combination is as follows:

The basis for determining the combination of notes receivable is as follows:

Notes Receivable Combination 1 Commercial Acceptance Bill

Notes Receivable Combination 2 Bank Acceptance Bill

For Notes receivable divided into portfolios, the Company refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, and calculates through default risk exposure and expected credit loss rate within the next 12 months or the entire duration Expected credit losses.

The basis for determining the combination of accounts receivable is as follows:

Accounts receivable combination 1 Accounts receivable business

Accounts receivable combination 2 Real estate receivable business

Accounts receivable combination 3 Others receivable business

Other receivable portfolio 4 Receivables from related parties within the scope of consolidation

For the accounts receivable divided into a combination, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, compiles the account receivable age and the whole expected credit loss rate table, and calculates the expected credit loss.

The basis for determining the combination of other receivables is as follows:

Other receivable portfolio 1 Interest receivable

Portfolio of other receivables 2 Dividends receivable

Other combinations of receivables 3 Deposit and margin receivable

Other receivable portfolio 4 Receivable advances

Combination of other receivables 5 Value-added tax receivable is increased and refunded

Other receivable portfolio 6 Receivables from related parties within the scope of consolidation

Other receivables portfolio 7 Other receivables

For other receivables divided into portfolios, the Company refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, and calculates through default risk exposure and expected credit loss rate within the next 12 months or the entire duration Expected credit losses.

The basis for determining the combination of receivables financing is as follows:

Receivables financing portfolio 1 bank acceptance bill

For Notes receivable divided into portfolios, the Company refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, and calculates through default risk exposure and expected credit loss rate within the next 12 months or the entire duration Expected credit losses.

The basis for determining the portfolio of contract assets is as follows:

Contract assets portfolio 1 conditional collection right of sales

Contract assets portfolio 2 Completed and unsettled project not meeting collection conditions

Contract assets portfolio 3 Quality guarantee deposit not meeting collection conditions

For contract assets divided into portfolios, the Company refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, and calculates through default risk exposure and expected credit loss rate within the next 12 months or the entire duration Expected credit losses.

B. Other debt investment

For other receivables divided into portfolios, the Company refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, and calculates through default risk exposure and expected credit loss rate within the next 12 months or the entire duration Expected credit losses.

② Lower credit risk

If the risk of default on financial instruments is low, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and even if the economic situation and operating environment are adversely changed over a long period of time, it may not necessarily reduce the receivables' performance of their contractual cash. The ability of the flow obligation, the financial instrument is considered to have a lower credit risk.

③ Significant increase in credit risk

The Company compares the default probability of the financial instrument during the expected lifetime determined by the balance sheet date with the default probability of the expected lifetime during the initial confirmation to determine the relative probability of the default probability of the financial instrument during the expected lifetime Changes to assess whether the credit risk of financial instruments has increased significantly since initial recognition.

In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidenced information, including forward-looking information, that can be obtained without unnecessary additional costs or effort. The information considered by the Company includes:

A. Significant changes in internal price indicators resulting from changes in credit risk;

B. Adverse changes in business, financial or economic conditions that are expected to cause significant changes in the debtor’s ability to perform its debt service obligations;

C. Whether the actual or expected operating results of the debtor have changed significantly; whether the regulatory, economic or technical environment of the debtor has undergone significant adverse changes;

D. Whether there is a significant change in the value of the collateral used as debt collateral or the guarantee provided by a third party or the quality of credit enhancement. These changes are expected to reduce the debtor's economic motivation for repayment within the time limit specified in the contract or affect the probability of default;

E. Whether there is a significant change in the economic motivation that is expected to reduce the debtor's repayment according to the contractual deadline;

F. Anticipated changes to the loan contract, including whether the expected violation of the contract may result in the exemption or revision of contract obligations, granting interest-free periods, rising interest rates, requiring additional collateral or guarantees, or making other changes to the contractual framework of financial instruments change;

G. Whether the expected performance and repayment behavior of the debtor has changed significantly;

H. Whether the contract payment is overdue for more than (including) 30 days.

Based on the nature of financial instruments, the Company assesses whether credit risk has increased significantly on the basis of a single financial instrument or combination of financial instruments. When conducting an assessment based on a combination of financial instruments, the Company can classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings.

If the overdue period exceeds 30 days, the Company has determined that the credit risk of financial instruments has increased significantly. Unless the Company does not have to pay excessive costs or efforts to obtain reasonable and warranted information, it proves that although it has exceeded the time limit of 30 days agreed upon in the Contract, credit risks have not increased significantly since the initial confirmation.

④ Financial assets with credit impairment

The Company assesses on the balance sheet date whether financial assets measured at amortized cost and credit investments measured at fair value and whose changes are included in other comprehensive income have undergone credit impairment. When one or more events that adversely affect the expected future cash flows of a financial asset occur, the financial asset becomes a financial asset that has suffered a credit impairment. Evidence that credit impairment has occurred in financial assets includes the following observable information:

Major financial difficulties have occurred to the issuer or the debtor; Breach of contract by the debtor, such as payment of interest or default or overdue of principal; (B) The concession that the debtor would not make under any other circumstances for economic or contractual considerations relating to the financial difficulties of the debtor; The debtor is likely to be bankrupt or undertake other financial restructuring; The financial difficulties of the issuer or debtor lead to the disappearance of the active market for the financial asset; To purchase or generate a financial asset at a substantial discount, which reflects the fact that a credit loss has occurred.

⑤ Presentation of expected credit loss measurement

In order to reflect the changes in the credit risk of financial instruments since the initial recognition, the Company re-measures the expected credit losses on each balance sheet date, and the increase or reversal of the loss provision resulting therefrom is included as an impairment loss or gain. Current profit and loss. For financial assets measured at amortized cost, the loss allowance offsets the book value of the financial asset listed on the balance sheet; for debt investments measured at fair value and whose changes are included in other comprehensive income, the Company Recognition of its loss provisions in gains does not offset the book value of the financial asset.

⑥ Canceled

If it is no longer reasonably expected that the contract cash flow of the financial assets will be fully or partially recovered, the book balance of the financial assets will be directly reduced. Such write-off constitute the derecognition of related financial assets. This usually occurs when the Company determines that the debtor has no assets or sources of income that generate sufficient cash flow to cover the amount that will be written down.

If the financial assets that have been written down are recovered in the future, the reversal of the impairment loss is included in the profit or loss of the current period.

(6) Transfer of financial assets

The transfer of financial assets refers to the following two situations:

A. Transfer the contractual right to receive cash flow of financial assets to another party;

B. Transfers the financial assets to the other party in whole or in part, but reserves the contractual right to collect the cash flow of the financial assets and undertakes the contractual obligation to pay the collected cash flow to one or more recipients.

① De-identification of transferred financial assets

Those who have transferred almost all risks and rewards in the ownership of financial assets to the transferee, or have neither transferred nor retained almost all the risks and rewards in the ownership of financial assets, but have given up control of the financial assets, terminate the confirmation The financial asset.

In determining whether control over the transferred financial asset has been waived, the actual capacity of the transferor to sell the financial asset is determined. If the transferor is able to sell the transferred financial assets wholly to a third party that does not have a relationship with them, and has no additional conditions to limit the sale, it indicates ds has waived control over the financial assets.

The Company pays attention to the essence of financial asset transfer when judging whether financial asset transfer meets the condition of financial asset termination.

If the overall transfer of financial assets meets the conditions for termination of confirmation, the difference between the following two amounts is included in the current profit and loss:

A. Continuing identification of transferred Book value；

B. The sum of the amount received as a result of the transfer and the amount accrued as a result of the change in the fair value of the transfer in respect of the termination recognized portion of the amount previously charged directly to the other consolidated proceeds (the financial assets involved in the transfer are those classified in accordance with Article 18 of Enterprise Accounting Standard No. 22 - Financial Instruments Recognition and Measurement as measured by the fair value and whose change is charged to the other consolidated proceeds).

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the entire transferred financial assets will be included in the derecognized part and the unterminated part (in this case, the retained service assets are regarded as part of the continued recognition of financial assets) Between them, they are apportioned according to their respective relative fair values on the transfer date, and the difference between the following two amounts is included in the current profit and loss:

A. Termination of the book value of the recognized portion on the date of derecognition;

B. The sum of the amount received as a result of the transfer and the amount accrued as a result of the change in the fair value of the transfer in respect of the termination recognized portion of the amount previously charged to the other consolidated proceeds (the financial assets involved in the transfer are those classified in accordance with Article 18 of Enterprise Accounting Standard No. 22 - Financial Instruments Recognition and Measurement as measured by the fair value and whose change is charged to the other consolidated proceeds).

② Continue to be involved in the transferred financial assets

If neither transfer nor retain almost all the risks and rewards of the ownership of financial assets, and have not given up control of the financial assets, the relevant financial assets should be confirmed according to the extent of their continued involvement in the transferred financial assets, and the relevant liabilities should be recognized accordingly.

The extent to which the transferred financial assets continue to be involved refers to the extent to which the enterprise undertakes the risk or compensation of the value change of the transferred financial assets.

(III) Continuing identification of transferred financial assets

Where almost all risks and remuneration in relation to ownership of the transferred financial assets are retained, the whole of the transferred financial assets shall continue to be recognized and the consideration received shall be recognized as a financial liability.

The financial asset and the recognized related financial liabilities shall not offset each other. In the subsequent accounting period, the enterprise shall continue to recognize the income (or gain) generated by the financial asset and the costs (or losses) incurred by the financial liability.

(7) Deduction of financial assets and liabilities

Financial assets and financial liabilities should be listed separately in the balance sheet, and cannot be offset against each other. However, if the following conditions are met, the net amount offset by each other is listed in the balance sheet:

The Company has a statutory right to offset the confirmed amount, and such legal right is currently enforceable;

The Company plans to settle the net assets or realize the financial assets and liquidate the financial liabilities at the same time.

The transferring party shall not offset the transferred financial assets and related liabilities if it does not meet the conditions for terminating the recognition.

(8) Recognition of fair value of Finance instruments

For the method for determining the fair value of financial assets and financial liabilities, see 33 (3) in Chapter X, V. Important accounting policies and accounting estimates.

11. Notes receivable

See Chapter X, V, Important Accounting Policies and Accounting Estimates 10. Financial Tools.

12. Account receivable

See Chapter X, V, Important Accounting Policies and Accounting Estimates 10. Financial Tools.

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

13. Receivable financing

See Chapter X, V, Important Accounting Policies and Accounting Estimates 10. Financial Tools.

14. Other receivables

See Chapter X, V, Important Accounting Policies and Accounting Estimates 10. Financial Tools.

15. Contract assets

The Company presents contract assets or liabilities in the balance sheet according to the relationship between performance obligation and customer payment. The consideration for which the Company is entitled to receive (subject to factors other than the passage of time) for the transfer of goods or the provision of services to customers is listed as contract assets. The Company's obligation to transfer goods or provide services to customers for consideration received or receivable from customers is listed as contractual liabilities.

Contract assets and contract liabilities are listed separately in the balance sheet. Contract assets and contract liabilities under the same contract are listed in net amount. If the net amount is the debit balance, it shall be listed in "contract assets" or "other non current assets" according to its liquidity; if the net amount is the credit balance, it shall be listed in "contract liabilities" or "other non current liabilities" according to its liquidity. Contract assets and contract liabilities under different contracts cannot offset each other.

For the determination method and accounting treatment method of the Company's expected credit loss of contract assets, see 10. Financial instruments in Chapter X, V. Important accounting policies and accounting estimates.

16. Inventories

(1) Classification of inventories

Inventory refers to the finished products or commodities held by the Company for sale in daily activities, the products in process of production, the materials and materials consumed in the process of production or providing labor services, including entrusted processing materials, raw materials, products in process, materials in transit, stored goods, low value consumables, development costs, development products and contract performance costs, etc.

(2) Pricing of delivering inventory

Inventories are measured at cost when procured. Raw materials, products in process and commodity stocks in transit are measured by the weighted average method.

The inventory of real estate business mainly includes inventory materials, development costs, development products, etc. The actual costs of development products include land transfer payment, infrastructure and facility costs, installation engineering costs, borrows before completion of the development and other costs during the development process. The special maintenance funds collected in the first period are included in the development overheads. When the control right of development products is transferred, the individual valuation method is used to determine its actual cost.

(3) Inventory system

The Company inventory adopts the perpetual inventory system, counting at least once a year, the inventory profit and loss amount is included in the current year's profit and loss.

(4) Criteria for recognizing and providing for provision for decline in value of inventories

On the balance sheet date, inventories are accounted depending on which is lower between the cost and the net realizable value. If the cost is higher than the net realizable value, the impairment provision will be made.

The realizable net value of inventory should be recognized based on solid evidence with the purpose of the inventory and after-balance-sheet-date events taken into consideration.

(1) In the course of normal production and operation, the net realizable value of finished goods, commodities and materials directly used for sale shall be determined by the estimated price of the inventory minus the estimated cost of sale and related taxes. The inventory held for the execution of a sales contract or a labor contract shall be measured on the basis of the contract price as its net realizable value; If the quantity held is greater than the quantity ordered under the sales contract, the net realizable value of the excess inventory is measured on the basis of the general sales price. For materials used for sale, the market price shall be used as the measurement basis for the net realizable value.

②In the normal production and operation process, the inventory of materials that need to be processed is determined by the amount of the estimated selling price of the finished product minus the estimated cost to be incurred at the time of completion, estimated sales expenses and related taxes Realize the net value. If the net realizable value of the finished product produced by it is higher than the cost, the material is measured at cost; If the decrease in the price of the material indicates that the net realizable value of the finished product is lower than the cost, the material is measured as the net realizable value and the inventory is prepared for a decrease based on its difference.

③ If the factors affecting the previous write-down of inventory value have disappeared on the balance sheet date, the amount of the write-down will be restored and transferred back within the amount of inventory depreciation reserve that has been accrued, and the amount returned will be included in the current profit and loss.

(5) Methods of amortization of swing materials

Low-value consumables are amortized on on-off amortization basis at using.

17. Long-term share equity investment

The Group's long-term equity investment includes control on invested entities and significant impacts on equity investment. Invested entities on which the Group has significant impacts are associates of the Group.

(1) Basis for recognition of common control and major influence on invested entities

Common control refers to the common control of an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be agreed upon by the participants who share control. In determining whether there is common control, the first step is to determine whether all or a group of participants collectively control the arrangement, which is considered collective control by all or a group of participants if all or a group of participants must act together to determine the activities associated with the arrangement. Secondly, it is judged whether the decision on related activities of the arrangement must be agreed by the participants who collectively control the arrangement. If there is a combination of two or more parties that can collectively control an arrangement, it does not constitute joint control. When judging whether there is joint control, the protective rights enjoyed are not considered.

Major influence refers to the power to participate in decision-making of financial and operation policies of a company, but cannot control or jointly control the making of the policies. When considering whether the Company can impose significant impacts on the invested entity, impacts of conversion of shares with voting rights held directly or indirectly by the investor and voting rights that can be executed in this period held by the investor and other party into shares of the invested entity should be considered.

If the Company directly or through subsidiaries holds more than 20% (inclusive) but less than 50% of the shares with voting rights of the invested entity, unless there is clear evidence proving that the Company cannot participate the decision-making of production and operation of the invested entity, the Company has major influence on the invested entity.

(2) Recognition of initial investment costs

- Long-term equity investments formed by merger of enterprises shall be determined in accordance with the following provisions:

A. In the case of an enterprise merger under the same control, where the merging party makes a valuation of the merger by payment of cash, transfer of non-cash assets or undertaking liabilities, the share of the book value of the owner's interest in the final controlling party's consolidated financial statements as the initial investment cost of the long-term equity investment at the date of the merger. The difference between the initial investment cost of long-term equity investment and the cash paid, the transferred non-cash assets and the book value of the debt assumed shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted;

B. Long-term equity investment generated by enterprise merger: for long-term equity investment obtained by merger of enterprises under common control, the obtained share of book value of the interests of the merged party’s owner in the consolidate financial statements on the merger date is costs; for long-term equity investment obtained by merger of enterprises not under common control, the merger cost is the investment cost. Adjust the capital reserve according to the difference between the initial investment cost of long-term equity investment and the total face value of the issued shares. If the capital reserve is insufficient to offset or reduce, the retained income shall be adjusted;

C. For merger of entities under different control, the merger cost is the fair value of the asset paid, liability undertaken, and equity securities issued for exchanging of control power over the entities at the day of acquisition. Agency expenses and other administrative expenses such as auditing, legal consulting, or appraisal services occurred relating to the merger of entities are accounted into current income account when occurred.

- Long-term equity investments formed by merger of enterprises shall be determined in accordance with the following provisions:

A. For long-term equity investment obtained by cash, the actually paid consideration is the initial investment cost. Initial investment costs include expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investments;

B. Long-term equity investments acquired from the issuance of interest securities are the initial investment costs based on the fair value of the issue interest securities;

C. For long-term equity investments obtained through non-monetary asset exchanges, if the exchange has commercial substance and the fair value of the exchanged assets or exchanged assets can be reliably measured, the fair value of the exchanged assets and relevant taxes shall be used as the initial Investment cost, the difference between the fair value and book value of the swapped-out asset is included in the current profit and loss; if the non-monetary asset exchange does not meet the above two conditions at the same time, the book value of the swapped-out asset and relevant taxes will be used as the initial investment cost.

D. Long-term equity investments acquired through debt restructuring determine their recorded value at the fair value of the waived claims and other costs such as taxes directly attributable to the assets and account for the difference between the fair value and the book value of the waived claims.

(3) Subsequent measurement and recognition of gain/loss

The Company uses the cost method to measure long-term share equity investment in which the Company can control the invested entity; and uses the equity method to measure long-term share equity investment in which the Company has substantial influence on the invested entity.

① Cost

For the long-term equity investment measured on the cost basis, except for the announced cash dividend or profit included in the practical cost or price when the investment was made, the cash dividends or profit distributed by the invested entity are recognized as investment gains in the current gain/loss account.

Equity

Gains from long-term equity investment measured by equity

When the equity method is used to measure long-term equity investment, the investment cost will not be adjusted if the investment cost of the long-term equity investment is larger than the share of fair value of the recognizable assets of the invested entity. When it is smaller than the share of fair value of the recognizable assets of the invested entity, the book value will be adjusted and the difference is included in the current gains of the investment.

When the equity method is used, the current investment gain is the share of the net gain realized in the current year that can be shared or borne, recognized as investment gain and other misc. income. The book value of the long-term equity investment is adjusted accordingly. The book value of the long-term equity investment should be accordingly decreased based on the share of profit or cash dividend announced by the invested entity; according to other changes in the owner's equity except for net profit and loss, other misc income and profit distribution of the invested entity, adjust the book value of the long-term equity investment and record it in the capital surplus (other capital surplus). When the share of the net gains that can be enjoyed is recognized, it is recognized after the net profit of the invested entity is adjusted based on the fair value of the recognizeable assets of the invested entity according to the Company's accounting policies and accounting period. Where the accounting policy and accounting period adopted by the Invested unit are inconsistent with the Company, the financial statements of the Invested unit shall be adjusted in accordance with the accounting policy and accounting period of the Company, and the investment income and other consolidated income shall be recognized. Internal transaction gain not realized between the Company and affiliates is measured according to the shareholding proportion and the investment gains is recoginzied after deduction. The unrealized internal transaction loss between the Company and the invested entity is the impairment loss of transferred assets and should not be written off.

Where substantial influence on invested entities is imposed or joint control is implemented due to increase in investment, the sum of the fair value of the original equity and increased investment on the conversion date is the initial investment cost under the equity method. If the equity investment originally held is classified as other equity instrument investment, the difference between the fair value and the book value, as well as the accumulated gains or losses originally included in other comprehensive income, shall be transferred out of other comprehensive income and included in retained income in the current period when the equity method is adopted.

Where joint control or substantial influence on invested entities is lost due to disposal of part of investment, the remaining equity after the disposal should be treated according to the Enterprise Accounting Standard No.22 – Recognition and Measurement of Financial Instruments from the date of losing the joint control or substantial influence. The difference between the fair value and book value should be accounted the profit and loss of the current period. For other misc. incomes of original share equity investment determined using the equity method, when the equity method is no longer used, it should be treated based on the same basis of the treatment of related assets or liability of the invested entities; the other owners' interests related to the original share equity investment should be transferred to gain/loss of the current period.

(4) Equity investment held for sale

For the remaining equity investments not classified as assets held for sale, the equity method is adopted for accounting treatment.

Equity investments classified as held for sale to associates that are no longer eligible to hold classified assets for sale are retrospectively adjusted using the equity method starting from the date that they are classified as held for sale. The classification is adjusted to hold the financial statements for the period to be sold.

(5) Impairment examination and providing of impairment provision

For investments in subsidiaries, associates and joint ventures, the method of accruing asset impairment is shown in 23. Long-term asset impairment in Chapter X, V. Important accounting policies and accounting estimates.

XVIII. Investment real estates

(1) Classification of investment real estate

Investment real estates are held for rent or capital appreciation, or both. These include, inter alia:

① Leased land using right

(2) the right to use the land that is transferred after holding and preparing for the increment.

③ Leased building

(2) Measurement of investment real estate

For investment real estates with an active real estate transaction market and the Company can obtain market price and other information of same or similar real estates to reasonably estimate the investment real estates' fair value, the Company will use the fair value mode to measure the investment real estates subsequently. Variations in fair value are accounted into the current gain/loss account.

The fair value of investment real estate is determined with reference to the current market prices of same or similar real estates in active markets; when no such price is available, with reference to the recent transaction prices and consideration of factors including transaction background, date and district to reasonably estimate the fair value; or based on the estimated lease gains and present value of related cash flows.

For investment real estate under construction (including investment real estate under construction for the first time), if the fair value cannot be reliably determined but the expected fair value of the real estate after completion is continuously and reliably obtained, the investment real estate under construction is measured by cost. When the fair value can be measured reliably or after completion (the earlier one), it is measured at fair value. For an investment real estate whose fair value is proven unable to be obtained continuously and reliably by objective evidence, the real estate will be measured at cost basis until it is disposed and no residual value remains as assumed.

If the cost model is used for subsequent measurement of investment real estate, depreciation or amortization is calculated according to the straight-line method after the cost of investment real estate minus accumulated impairment and net residual value. See this Chapter X V. Important accounting policies, for the method of accruing asset impairment 23. Impairment of long-term assets in accounting estimates.

The types of investment real estate, estimated economic useful life and estimated net residual value rate are determined as follows:

Type	Service year (year)	Residual rate %	Annual depreciation rate %
Houses & buildings	20-50	10.00	1.80-4.50

19. Fixed assets

(1) Recognition conditions

Fixed assets are recognized at the actual cost of acquisition when the following conditions are met: (1) The economic benefits associated with the fixed assets are likely to flow into the enterprise.

Fixed assets are recognized at the actual cost of acquisition when the following conditions are met: (1) The economic benefits associated with the fixed assets are likely to flow into the enterprise.

② The cost of the fixed assets can be measured reliably.

Overhaul cost generated by regular examination on fixed assets is recognized as fixed assets costs when there is evidence proving that it meets fix assets recognition conditions. If not, it will be accounted into the current gain/loss account.

(2) Depreciation method

Type	Depreciation method	Service year (year)	Residual rate %	Annual depreciation rate %
Houses & buildings	Average age	20-50	10.00	1.80-4.50
Mechanical equipment	Average age	10	10.00	9.00
Transportation facilities	Average age	5	10.00	18.00
Electronics and other devices	Average age	5	10.00	18.00
PV power plants	Average age	20	5.00	4.75

20. Construction in process

(1) Construction in progress is accounted for by project classification.

(2) Standard and timing for transferring construction in process into fixed assets

The full expenditure incurred on the construction-in-progress project as a fixed asset is recorded as the value of the asset before the asset is constructed to the intended usable state. This includes construction costs, the original cost of equipment, other necessary expenditures incurred in order to enable the construction works to reach the intended usable status and the borrowing costs incurred for the specific borrowing of the project and the general borrowing expenses incurred before the assets reach the intended usable status. Construction in process will be transferred to fixed assets when it reaches the preset service condition. The fixed assets that have reached the intended usable state but have not been completed shall be transferred to the fixed assets according to the estimated value according to the estimated value according to the estimated value according to the project budget, cost or actual project cost, etc. The depreciation of the fixed assets shall be accrued according to the Company's fixed assets depreciation policy. The original estimated value shall be adjusted according to the actual cost after the completion.

XXI. Borrowing expenses

(1) Recognition principles for capitalization of borrowing expenses

Borrowing expenses occurred to the Company that can be accounted as purchasing or production of asset satisfying the conditions of capitalizing, are capitalized and accounted as cost of related asset.

(1) Asset expenditure has occurred;

② The borrowing expense has already occurred;

③ Purchasing or production activity, which is necessary for the asset to reach the useful status, has already started.

Other interest on loans, discounts or premiums and exchange differences are included in the income and loss incurred in the current period.

If the construction or production of assets satisfying the capitalizing conditions is suspended abnormally for over 3 months, capitalizing of borrowing expenses shall be suspended. During the normal suspension period, borrowing expenses will be capitalized continuously.

When the asset satisfying the capitalizing conditions has reached its usable or sellable status, capitalizing of borrowing expenses shall be terminated.

(2) Calculation of the capitalization amount of borrowing expense

Interest expenses generated by special borrowings less the interests income obtained from the deposit of unused borrowings or investment gains from temporary investment is capitalized; the capitalization amount for general borrowing is determined based on the capitalization rate which is the exceeding part of the accumulative assets expense over weighted average of the assets expense of the special borrowing/used general borrowing.

If the assets that are constructed or produced under the condition of capitalization occupy the general borrowing, the interest amount to be capitalized in the general borrowing shall be calculated and determined by multiplying the capital rate of the general borrowing by the weighted average of the asset expenditure of the accumulated assets whose expenditure exceeds that of the specialized borrowing. The capitalization ratio is the weighted average interest rate of general borrowings.

XXII. Intangible assets

Recorded at the actual cost of acquisition.

(1) Amortization of intangible assets

① Useful life of intangible assets with limited useful life

Item	Estimated useful life	Basis
Land using right	Term	Use right assets
Trademarks and patents	10	Reference to determine the lifetime of a company for which it can bring economic benefits
Proprietary technology	10	Reference to determine the lifetime of a company for which it can bring economic benefits
Software	5 and 10 years	Reference to determine the lifetime of a company for which it can bring economic benefits

At the end of each year, the Company will reexamine the useful life and amortization basis of intangible assets with limited useful life. Upon review, the service life and amortization methods of intangible assets at the end of the period are not different from those previously estimated.

(2) Intangible assets which cannot be foreseeable to bring economic benefits to enterprises shall be regarded as intangible assets whose useful life is uncertain. For intangible assets with uncertain service life, the Company reviews the service life of intangible assets with uncertain service life at the end of each year. If it is still uncertain after rechecking, it shall conduct an impairment test on the balance sheet date.

③ Amortization of intangible assets

For intangible assets with limited service life, the Company shall determine their service life at the time of acquisition, and shall use the straight line method system to reasonably amortize their service life, and the amortization amount shall be included in the profit and loss of the current period according to the beneficial items. The specific amortization amount is the amount after the cost is deducted from the estimated residual value. For fixed assets for which depreciation provision is made, the depreciation rate will be determined after the accumulative depreciation provision amount is deducted. The residual value of an intangible asset with limited useful life is treated as zero, except where a third party undertakes to purchase the intangible asset at the end of its useful life or to obtain expected residual value information based on the active market, which is likely to exist at the end of its useful life.

Intangible assets with uncertain service life will not be amortized. At the end of each year, the useful life of intangible assets with uncertain useful life is reviewed, and if there is evidence that the useful life of intangible assets is limited, the useful life is estimated and the system is reasonably amortized within the expected useful life.

(2) Scope of R&D expenditures and related accounting treatment

Specific standard for distinguish between research and development stage

① The Company takes the information and related preparatory activities for further development activities as the research stage, and the intangible assets expenditure in the research stage is included in the current profit and loss period.

② The development activities carried out after the Company has completed the research stage as the development stage.

Specific conditions for capitalization of expenditures in the development phase

Expenditures in the development phase can be recognized as intangible assets only when the following conditions are met:

A. It is technically feasible to complete the intangible asset so that it can be used or sold;

B. Have the intention to complete the intangible asset and use or sell it;

C. The way intangible assets generate economic benefits, including the ability to prove that the products produced by the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally, which can prove their usefulness;

D. Have sufficient technical, financial and other resource support to complete the development of the intangible asset, and have the ability to use or sell the intangible asset;

E. The expenditure attributable to the development stage of the intangible asset can be reliably measured.

23. Assets impairment

The Group uses the cost mode to continue measuring the assets impairment to investment real estate, fixed assets construction in progress, intangible assets and goodwill (except for the inventories, investment real estate measured by the fair value mode, deferred income tax assets and financial assets). The method is determined as follows:

The Company judges whether there is a sign of impairment to assets on the balance sheet day. If such sign exists, the Company estimates the recoverable amount and conducts the impairment test. Impairment test is conducted annually for goodwill generated by mergers and intangible assets that have not reached the useful condition no matter whether the impairment sign exists.

The recoverable amount is determined by the higher of the net of fair value minus disposal expense and the present value of the predicted future cash flow. The Company estimates the recoverable amount on the individual asset item basis; whether it is hard to estimate the recoverable amount on the individual asset item basis, determine the recoverable amount based on the asset group that the assets belong to. The assets group is determined by whether the main cash flow generated by the Group is independent from those generated by other assets or assets groups.

When the recoverable amount of the assets or assets group is lower than its book value, the Company writes down the book value to the recoverable amount, the write-down amount is accounted into the current income account and the assets impairment provision is made.

For goodwill impairment test, the book value of goodwill generated by mergers is amortized through reasonable measures since the purchase day to related asset groups; those cannot be amortized to related assets groups are amortized to related combination of asset groups. The related asset groups or combination of asset groups refer to those that can benefit from the synergistic effect of mergers and must not exceed to the reporting range determined by the Company.

When the impairment test is conducted, if there is sign of impairment to the asset group or combination of asset groups related to goodwill, first perform impair test for asset group or combination of asset groups without goodwill and calculate the recoverable amount and recognize the related impairment loss. Then conduct impairment test on those with goodwill, compare the book value with recoverable amount. If the recoverable amount is lower than the book value, recognize the impairment loss of the goodwill.

Once recognized, the asset impairment loss cannot be written back in subsequent accounting period.

24. Long-term amortizable expenses

The long-term deferred expenses shall be used to calculate the expenses that have occurred but should be borne by the Company in the current and subsequent periods with a amortization period of more than one year. The Company's long-term deferred expenses are amortized averagely during the benefit period.

25. Contract liabilities

See 15. Contract assets in Chapter X, V. Important Accounting Policies and Accounting Estimates for details.

26. Staff remuneration

(1) Accounting of operational leasing

① Basic salary of employees (salary, bonus, allowance, subsidy)

In the accounting period for which the staff and workers provide services, the Company shall confirm the actual short-term remuneration as liabilities and shall account for the current income and loss, except as required or permitted by other accounting standards.

② Employee welfare

The employee benefits incurred by the Company shall be included in the current profit and loss or related asset costs according to the actual amount incurred. Where the employee's benefit is non-monetary, it shall be measured on the basis of fair value.

③ Social insurance premiums and housing accumulation funds such as health insurance premiums, work injury premiums, birth insurance premiums, trade union funds and staff and education funds

The Company pays the medical insurance premiums, work injury insurance premiums, birth insurance premiums, etc. social insurance premiums and housing accumulation funds for the staff and workers, as well as the union funds and the staff and workers education funds according to the regulations, in the accounting period for which the staff and workers provide services, the corresponding salary amount of the staff and workers, and confirms the corresponding liabilities, which are included in the current profit and loss or related asset costs.

④ Short-term paid leave

The Company accumulates the salary of the employees who are absent from work with pay when the employees provide service, thus increasing their future right of absence with pay. The Company confirms the salary of the employee related to the absence of non-cumulative salary during the actual absence accounting period.

⑤ Short-term profit share program

If the profit-sharing plan meets the following conditions at the same time, the Company shall confirm the salary payable to the staff and workers:

A. The legal or presumptive obligation of the enterprise to pay the remuneration of its employees as a result of past matters;

B. The amount of employee compensation obligations due to the profit sharing plan can be reliably estimated.

(2) Accounting of post-employment welfare

The Company's post-employment benefit plan is defined contribution plan. Defined contribution plans include basic endowment insurance, unemployment insurance, etc. During the accounting period when employees provide services for them, the Company shall recognize the deposit amount calculated according to the defined deposit plan as liabilities and include it in the current profits and losses or related asset costs.

(3) Accounting of dismiss welfare

If the Company provides termination benefits to employees, the employee compensation liabilities arising from the termination benefits shall be recognized at the earliest of the following two and shall be included in the current profit and loss:

① An enterprise may not unilaterally withdraw the resignation benefits provided for by the dismissal plan or reduction proposal;

② When the enterprise recognizes the costs or expenses related to the reorganization involving the payment of resignation benefits.

27. Anticipated liabilities

(1) Recognition standards of anticipated liabilities

When responsibilities occurred in connection to contingent issues, and all of the following conditions are satisfied, they are recognized as expectable liability in the balance sheet:

① This responsibility is a current responsibility undertaken by the Company;

② Execution of this responsibility may cause financial benefit outflow from the Company;

③ Amount of the liability can be reliably measured.

(2) Measurement of anticipated liabilities

Expected liabilities are initially measured at the best estimation on the expenses to exercise the current responsibility, and with considerations to the relative risks, uncertainty, and periodic value of currency. On each balance sheet date, review the book value of the estimated liabilities. Where there is conclusive evidence that the book value does not reflect the current best estimate, the book value is adjusted to the current best estimate.

28. Revenue

(1) General principles

Income is the total inflow of economic benefits formed in the daily activities of the Company, which will lead to the increase of shareholders' equity and has nothing to do with the capital invested by shareholders.

The Company has fulfilled the performance obligation in the contract, that is, the revenue is recognized when the customer obtains the control right of relevant goods. To obtain the control right of the relevant commodity means to be able to dominate the use of the commodity and obtain almost all the economic benefits from it.

If there are two or more performance obligations in the contract, the Company will allocate the transaction price to each single performance obligation according to the relative proportion of the separate selling price of the goods or services promised by each single performance obligation on the start date of the contract, and measure the income according to the transaction price allocated to each single performance obligation.

The transaction price refers to the amount of consideration that the Company is expected to be entitled to receive due to the transfer of goods or services to customers, excluding the amount collected on behalf of a third party. When determining the contract transaction price, if there is a variable consideration, the Company shall determine the best estimate of the variable consideration according to the expected value or the most likely amount, and include it in the transaction price with the amount not exceeding the accumulated recognized income when the relevant uncertainty is eliminated, which is most likely not to have a significant reversal. If there is a significant financing component in the contract, the Company will determine the transaction price according to the amount payable in cash when the customer obtains the control right of the commodity. The difference between the transaction price and the contract consideration will be amortised by the effective interest method during the contract period. If the interval between the control right transfer and the customer's payment is less than one year, the Company will not consider the financing component Points.

If one of the following conditions is met, the performance obligation shall be performed within a certain period of time; otherwise, the performance obligation shall be performed at a certain point of time:

① When the customer performs the contract in the Company, he obtains and consumes the economic benefits brought by the Company's performance;

② Customers can control the goods under construction during the performance of the contract;

③ The goods produced by the Company in the process of performance have irreplaceable uses, and the Company has the right to collect money for the performance part that has been completed so far during the whole contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize the revenue according to the performance progress within that period, except that the performance progress cannot be reasonably determined. The Company determines the progress of performance for the provision of services on the basis of the input (or output) method. When the progress of performance cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the revenue shall be recognized according to the amount of cost incurred until the progress of performance can be reasonably determined.

For the performance obligation performed at a certain time point, the Company recognizes the revenue at the time point when the customer obtains the control right of relevant goods. In determining whether a customer has acquired control of goods or services, the Company will consider the following signs:

① The Company has the right to receive payment for the goods or services, that is, the customer has the obligation to pay for the goods;

② The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods;

③ The Company has transferred the goods in kind to the customer, that is, the customer has possessed the goods in kind;

④ The Company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods;

⑤ The product has been accepted by the customer.

Sales return clause

For the sales with sales return clauses, when the customer obtains the control right of the relevant goods, the Company shall recognize the revenue according to the amount of consideration it is entitled to obtain due to the transfer of the goods to the customer, and recognize the amount expected to be returned due to the sales return as the estimated liability; at the same time, the Company shall deduct the estimated cost of recovering the goods according to the book value of the expected returned goods at the time of transfer(The balance after deducting the value of the returned goods is recognized as an asset, that is, the cost of return receivable, which is carried forward by deducting the net cost of the above assets according to the book value of the transferred goods at the time of transfer. On each balance sheet date, the Company re estimates the return of future sales and re measures the above assets and liabilities.

Warranty obligations

According to the contract and legal provisions, the Company provides quality assurance for the goods sold and the projects constructed. For the guarantee quality assurance to ensure that the goods sold meet the established standards, the Company conducts accounting treatment in accordance with the accounting standards for Business Enterprises No. 13 - contingencies. For the service quality assurance which provides a separate service in addition to guaranteeing that the goods sold meet the established standards, the Company takes it as a single performance obligation, allocates part of the transaction price to the service quality assurance according to the relative proportion of the separate selling price of the goods and service quality assurance, and recognizes the revenue when the customer obtains the service control right. When evaluating whether the quality assurance provides a separate service in addition to assuring customers that the goods sold meet the established standards, the Company considers whether the quality assurance is a statutory requirement, the quality assurance period, and the nature of the Company's commitment to perform the task.

Customer consideration payable

If there is consideration payable to the customer in the contract, unless the consideration is to obtain other clearly distinguishable goods or services from the customer, the Company will offset the transaction price with the consideration payable, and offset the current income at the later time of confirming the relevant income or paying (or promising to pay) the customer's consideration.

Contractual rights not exercised by customers

If the Company advances sales of goods or services to customers, the amount shall be recognized as liabilities first, and then converted into income when relevant performance obligations are fulfilled. When the Company does not need to return the advance payment and the customer may give up all or part of the contract rights, if the Company expects to have the right to obtain the amount related to the contract rights given up by the customer, the above amount shall be recognized as income in proportion according to the mode of the customer exercising the contract rights; otherwise, the Company only has the very low possibility of the customer requiring to perform the remaining performance obligations The relevant balance of the above liabilities is converted into income.

Contract change

When the construction contract between the Company and the customer is changed:

① If the contract change increases the clearly distinguishable construction service and contract price, and the new contract price reflects the separate price of the new construction service, the Company will treat the contract change as a separate contract for accounting;

② If the contract change does not belong to the above-mentioned situation (1), and there is a clear distinction between the transferred construction service and the non transferred construction service on the date of contract change, the Company will regard it as the termination of the original contract, and at the same time, combine the non performance part of the original contract and the contract change part into a new contract for accounting treatment;

③ If the contract change does not belong to the above situation (1), and there is no clear distinction between the transferred construction services and the non transferred construction services on the date of contract change, the Company will take the contract change part as an integral part of the original contract for accounting treatment, and the resulting impact on the recognized income will be adjusted to the current income on the date of contract change.

(2) The specific methods of revenue recognition of the Company are as follows:

- Commodity sales contract

The commodity sales contract between the company and the customer includes the performance obligation of transferring curtain wall materials, screen door materials, electric energy, etc., which belongs to the performance obligation at a certain time point.

Revenue from domestic sales of products is recognized at the time when the customer obtains the right of control of the goods on the basis of comprehensive consideration of the following factors: the Ccompany has delivered the products to the customer according to the contract, the customer has accepted the goods, the payment for goods has been recovered or the receipt has been obtained, and the relevant economic benefits are likely to flow in, the main risks and rewards of the ownership of the goods have been transferred, the legal ownership has been transferred;

The following conditions should be met for the recognition of export product revenue: the Company has declared the product according to the contract, obtained the bill of lading, collected the payment for goods or obtained the receipt certificate, and the relevant economic benefits are likely to flow in, the main risks and rewards of the ownership of goods have been transferred, and the legal ownership of goods has been transferred.

- Service contract

The service contract between the Company and its customers includes the performance obligations of metro platform screen door operation maintenance, curtain wall maintenance and property services. As the Company's performance at the same time, the customers obtain and consume the economic benefits brought by the Company's performance, the Company takes it as the performance obligation within a certain period of time and allocates it equally during the service provision period.

- Engineering contract

The project contract between the Company and the customer includes the performance obligations of curtain wall project and metro platform screen door project construction. As the customer can control the goods under construction in the process of the Company's performance, the Company takes them as the performance obligations within a certain period of time, and recognizes the income according to the performance progress, except that the performance progress cannot be reasonably determined. The Company determines the performance schedule of providing construction services according to the input method. The performance schedule shall be determined according to the proportion of the actual contract cost to the estimated total contract cost.

- Real estate sales contract

The income of the Company's real estate development business is recognized when the control of the property is transferred to the customer. The income is recognized when the customer obtains the physical ownership or legal ownership of the completed property and the Company has obtained the current right of collection and is likely to recover the consideration. When confirming the contract transaction price, if the financing component is significant, the Company will adjust the contract commitment consideration according to the financing component of the contract.

(3) Adoption of different business models for the same type of business involving different revenue recognition and measurement methods

There is no difference in revenue recognition due to the adoption of different accounting policies for similar businesses.

29. Contract costs

Contract cost is divided into contract performance cost and contract acquisition cost.

The cost incurred by the Company in performing the contract shall be recognized as an asset when the following conditions are met simultaneously:

① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), clearly borne by the customer, and other costs incurred only due to the contract;

② This cost increases the Company's future resources for fulfilling its performance obligations.

③ The cost is expected to be recovered.

If the incremental cost incurred by the Company to obtain the contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost.

The assets related to the contract cost shall be amortised on the same basis as the income from goods or services related to the assets; however, if the amortization period of the contract acquisition cost is less than one year, the Company shall include it in the current profit and loss when it occurs.

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the Company will make provision for impairment for the excess part and recognize it as the loss of asset impairment, and further consider whether the estimated liabilities related to the loss contract should be made:

① The residual consideration expected to be obtained due to the transfer of goods or services related to the asset;

② The estimated cost to be incurred for the transfer of the relevant goods or services.

If the above provision for impairment of assets is subsequently reversed, the book value of the asset after reversal shall not exceed the book value of the asset on the reversal date without provision for impairment.

The contract performance cost recognized as an asset with an amortization period of no more than one year or one normal business cycle at the time of initial recognition shall be listed in the "inventory" item, and the amortization period of no more than one year or one normal business cycle at the time of initial recognition shall be listed in the "other non current assets" item.

The contract acquisition cost recognized as an asset shall be listed in the item of "other current assets" when the amortization period does not exceed one year or one normal business cycle at the time of initial recognition, and listed in the item of "other non current assets" when the amortization period exceeds one year or one normal business cycle at the time of initial recognition.

30. Government subsidy

(1) Government subsidy

Government subsidies are recognized when the following conditions are met:

① Requirements attached to government subsidies;

② The Company can receive government subsidies.

(2) Government subsidy

When a government subsidy is monetary capital, it is measured at the received or receivable amount. None monetary capital are measured at fair value; if no reliable fair value available, recognized at RMB1.

(3) Recognition of government subsidies

① Assets-related

Government subsidies related to assets are obtained by the Company to purchase, build or formulate in other manners long-term assets; or subsidies related to benefits. If the asset-related government subsidy is recognized as deferred gain, should be recorded in gain and loss in the service life. Government subsidy measured at the nominal amount is accounted into current income account. If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful life, the unallocated relevant deferred income balance shall be transferred to the profit and loss of the current period of disposition of the assets.

Gain-related government subsidy should be accounted as follows:

The Company divides government subsidies into assets-related and earnings-related government subsidies. Gain-related government subsidy should be accounted as follows:

Subsidy that will be used to compensate related future costs or losses should be recognized as deferred gain and recorded in the gain and loss of the current report and offset related cost;

Subsidy that is used to compensate existing cost or loss should be recorded in the gain and loss of the current period or offset related cost.

For government subsidies that include both asset-related and income-related parts, separate different parts for accounting treatment; It is difficult to distinguish between the overall classification of government subsidies related to benefits.

Government subsidy related to routine operations should be recorded in other gains or offset related cost. Government subsidy not related to routine operations should be recorded in non-operating income or expense.

③ Policy preferential loan discount

The policy-based preferential loan obtained has interest subsidy. If the government allocates the interest-subsidy funds to the lending bank, the loan amount actually received will be used as the entry value of the loan, and the borrowing cost will be calculated based on the loan principal and policy-based preferential interest rate.

If the government allocates the interest-bearing funds directly to the Group, discount interest will offset the borrowing costs.

④ Government subsidy refund

When a confirmed government subsidy needs to be returned, the book value of the asset is adjusted against the book value of the relevant asset at initial recognition. If there is a related deferred income balance, the book balance of the related deferred income is written off and the excess is credited to the current profit or loss; In other cases, it is directly included in the current profit and loss.

31. Differed income tax assets and differed income tax liabilities

The Company uses the temporary difference between the book value of the assets and liabilities on the balance sheet day and the tax base and the liabilities method to recognize the deferred income tax. 26. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets

For deductible temporary discrepancies, deductible losses and tax offsets that can be carried forward for future years, the impact on income tax is calculated at the estimated income tax rate for the transfer-back period and the impact is recognized as deferred income tax assets, provided that the Company is likely to obtain future taxable income for deductible temporary discrepancies, deductible losses and tax offsets.

At the same time, the impact on income tax of deductible temporary discrepancies resulting from the initial recognition of assets or liabilities in transactions or matters with the following characteristics is inconclusive as deferred income tax assets:

A. The transaction is not a business combination;

B. the transaction is not a merger and the transaction does not affect the accounting profit or taxable proceeds;

In the event of temporary discrepancy of deductible investment related to subsidiaries, joint ventures and joint ventures, and meeting the following two conditions, the amount of impact (talent) on income tax shall be deemed as deferred income tax assets:

A. Temporary discrepancies are likely to be reversed in the foreseeable future;

B. In the future, it is likely to obtain taxable income that can be used to offset the deductible temporary differences;

On the balance sheet date, if there is conclusive evidence that sufficient taxable income is likely to be obtained in the future to offset the deductible temporary differences, the deferred income tax assets that have not been recognized in the previous period are recognized.

On the balance sheet day, the Company re-examines the book value of the deferred income tax assets. If it is unlikely to have adequate taxable proceeds to reduce the benefits of the deferred income tax assets, less the deferred income tax assets' book value. When there is adequate taxable proceeds, the lessened amount will be reversed.

(2) Deferred income tax assets

All provisional differences in taxable income of the Company shall be measured on the basis of the estimated income tax rate for the period of transfer-back and shall be recognized as deferred income tax liabilities, except that:

At the same time, the impact on income tax of deductible temporary discrepancies resulting the initial recognition of assets or liabilities in transactions or matters with the following characteristics is inconclusive as deferred income tax Liabilities:

A. Initial recognition of goodwill;

B. Initial recognition of goodwill, or of assets or liabilities generated in transactions with the following features: the transaction is not a merger and the transaction does not affect the accounting profit or taxable proceeds;

② In the event of temporary discrepancy of deductible investment related to subsidiaries, Joint venture joint ventures, and meeting the two conditions, the amount of impact (talent) on income tax shall be deemed as deferred income tax assets:

A. The Company is able to control the time of temporary discrepancy transfers;

B. Temporary discrepancies are likely to be reversed in the foreseeable future;

(3) Deferred income tax assets

(1) Deferred income tax liabilities or assets associated with enterprise consolidation

Temporary difference of taxable tax or deductible temporary difference generated by enterprise merger under non-same control. When deferred income tax liability or deferred income tax asset is recognized, related deferred income tax expense (or income) is usually adjusted as recognized goodwill in enterprise merger.

② Amount of shares paid and accounted as owners' equity

Except for the adjustment goodwill generated by mergers or deferred income tax related to transactions or events directly accounted into the owners' equity, income tax is accounted as income tax expense into the current gain/loss account. The effects of temporary discrepancy on income tax include the following: Other integrated benefits such as fair value change of financial assets available for sale, retroactive adjustment of accounting policy changes or retroactive restatement of accounting error correction discrepancy to adjust the initial retained income, and mixed financial instruments including liabilities and equity.

③ Compensation for losses and tax deductions

A. Compensable losses and tax deductions from the Company's own operations

Deductible losses refer to the losses calculated and determined in accordance with the provisions of the tax law that are allowed to be made up with the taxable income of subsequent years. The uncovered losses (deductible losses) and tax deductions that can be carried forward in accordance with the tax law are treated as deductible temporary differences. When it is expected that sufficient taxable income is likely to be obtained in the future period when it is expected to be available to make up for losses or tax deductions, the corresponding deferred income tax assets are recognized within the limit of the taxable income that is likely to be obtained, while reducing the current period Income tax expense in the income statement.

B. Compensable uncovered losses of the merged company due to business merger

In a business combination, if the Company obtains the deductible temporary difference of the purchased party and does not meet the deferred income tax asset recognition conditions on the purchase date, it shall not be recognized. Within 12 months after the purchase date, if new or further information is obtained indicating that the relevant conditions on the purchase date already exist, and the economic benefits brought about by the temporary difference are expected to be deducted on the purchase date, confirm the relevant delivery. Deferred income tax assets, while reducing goodwill, if the goodwill is not enough to offset, the difference is recognized as the current profit and loss; except for the above circumstances, the deferred tax assets related to the business combination are recognized and included in the current profit and loss.

④Temporary difference caused by merger offset

If there is a temporary difference between the book value of assets and liabilities in the consolidated balance sheet and the taxable basis of the taxpayer due to the offset of the unrealized internal sales gain or loss, the deferred income tax asset or the deferred income tax liability is confirmed in the consolidated balance sheet, and the income tax expense in the consolidated profit statement is adjusted, with the exception of the deferred income tax related to the transaction or event directly included in the owner's equity and the merger of the enterprise.

⑤ Share payment settled by equity

If the tax law provides for allowable pre-tax deduction of expenses related to share payment, within the period for which the cost and expense are recognized in accordance with the accounting standards, the Company shall calculate the tax basis and temporary discrepancy based on the estimated pre-tax deduction amount at the end of the accounting period and confirm the relevant deferred income tax if it meets the conditions for confirmation. Of these, the amount that can be deducted before tax in the future exceeds the cost related to share payment recognized in accordance with the accounting standards, and the excess income tax shall be directly included in the owner's equity.

(4) Basis for presentation of deferred tax assets and deferred tax liabilities on a net basis

The deferred income tax assets and deferred income tax liabilities of the company are presented as a net amount after offsetting when the following conditions are met simultaneously:

The Company has a legal right to offset current income tax assets and current income tax liabilities on a net basis.

The deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax authority on the same taxable entity, or are related to income taxes levied by different tax authorities but the significant deferred income tax assets and deferred income tax liabilities will be settled on a net basis for current income taxes or simultaneous acquisition of assets and settlement of liabilities within each future period in which the related taxable entity intends to settle the current income tax assets and liabilities on a net basis.

32. Leasing

(1) Identification of lease

On the commencement date of the contract, the company evaluates whether the contract is a lease or includes a lease. If one party in the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is a lease or includes a lease. In order to determine whether the contract transfers the right to control the use of the identified assets within a certain period, the company evaluates whether the customers in the contract have the right to obtain almost all the economic benefits arising from the use of the identified assets during the use period, and have the right to dominate the use of the identified assets during the use period.

(2) Separate identification of lease

If the contract includes multiple separate leases at the same time, the company will split the contract and conduct accounting treatment for each separate lease. If the following conditions are met at the same time, the right to use the identified asset constitutes a separate lease in the contract: ① the lessee can profit from using the asset alone or together with other easily available resources; ② The asset is not highly dependent or highly related to other assets in the contract.

(3) Accounting treatment method of the Company as lessee

On the beginning date of the lease term, the Company recognizes the lease with a lease term of no more than 12 months and excluding the purchase option as a short-term lease; When a single leased asset is a brand-new asset, the lease with lower value is recognized as a low value asset lease. If the Company sublets or expects to sublet the leased assets, the original lease is not recognized as a low value asset lease.

For all short-term leases and low value asset leases, the Company will record the lease payment amount into the relevant asset cost or current profit and loss according to the straight-line method (or other systematic and reasonable methods) in each period of the lease term.

In addition to the above short-term leases and low value asset leases with simplified treatment, the Company recognizes the right to use assets and lease liabilities for the lease on the beginning date of the lease term.

① Use right assets

The term "right to use assets" refers to the right of the lessee to use the leased assets during the lease term.

At the beginning of the lease term, the right of use assets are initially measured at cost. This cost includes:

- The initial measurement amount of lease liabilities;
- For the lease payment paid on or before the beginning of the lease term, if there is lease incentive, the relevant amount of lease incentive enjoyed shall be deducted;
- Initial direct expenses incurred by the lessee;
- The estimated cost incurred by the lessee for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the lease terms. The Company recognizes and measures the cost in accordance with the recognition standards and measurement methods of estimated liabilities. See 27. Estimated liabilities in Chapter X, V. important accounting policies and accounting estimates for details. If the above costs are incurred for the production of

inventories, they will be included in the cost of inventories.

Depreciation of right of use assets is accrued by using the straight-line method. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the depreciation rate shall be determined according to the asset category of the right to use and the estimated net residual value rate within the expected remaining service life of the leased asset; If it is impossible to reasonably determine that the ownership of the leased asset will be obtained at the expiration of the lease term, the depreciation rate shall be determined according to the asset category of the right of use within the shorter of the lease term and the remaining service life of the leased asset.

② Lease liabilities

The lease liabilities are initially measured Company shall according to the present value of the unpaid lease payments at the beginning of the lease term. The lease payment includes the following five items:

- Fixed payment amount and substantial fixed payment amount. If there is lease incentive, the relevant amount of lease incentive shall be deducted;
- Variable lease payments depending on index or ratio;
- The exercise price of the purchase option, provided that the lessee reasonably determines that the option will be exercised;
- The amount to be paid for exercising the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease;
- The amount expected to be paid according to the residual value of the guarantee provided by the lessee.

When calculating the present value of lease payments, the implicit interest rate of the lease is used as the discount rate. If the implicit interest rate of the lease cannot be determined, the incremental borrowing interest rate of the company is used as the discount rate. The difference between the lease payment amount and its present value is regarded as unrecognized financing expenses, and the interest expenses are recognized according to the discount rate of the present value of the lease payment amount during each period of the lease term and included in the current profit and loss. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profit and loss when actually incurred.

After the beginning date of the lease term, when the actual fixed payment amount changes, the expected payable amount of the guaranteed residual value changes, the index or ratio used to determine the lease payment amount changes, the evaluation results or actual exercise of the purchase option, renewal option or termination option changes, the Company remeasures the lease liability according to the present value of the changed lease payment amount, And adjust the book value of the right to use assets accordingly.

(4) Accounting treatment method of the Company as lessor

On the lease commencement date, the Company classifies leases that have substantially transferred almost all the risks and rewards related to the ownership of the leased assets as financial leases, and all other leases are operating leases.

① Operating lease

During each period of the lease term, the Company recognizes the lease receipts as rental income according to the straight-line method (or other systematic and reasonable methods), and the initial direct expenses incurred are capitalized, amortized on the same basis as the recognition of rental income, and included in the current profit and loss by stages. The variable lease payments obtained by the Company related to operating leases that are not included in the lease receipts are included in the current profits and losses when actually incurred.

② Finance lease

On the lease beginning date, the Company recognizes the financial lease receivables according to the net amount of the lease investment (the sum of the unsecured residual value and the present value of the lease receipts not received on the lease beginning date discounted according to the lease embedded interest rate), and terminates the recognition of the financial lease assets. During each period of the lease term, the Company calculates and recognizes the interest income according to the interest rate embedded in the lease.

The amount of variable lease payments obtained by the Company that are not included in the measurement of net lease investment shall be included in the current profit and loss when actually incurred.

(5) Accounting treatment of lease change

① Change of lease as a separate lease

If the lease changes and meets the following conditions at the same time, the Company will treat the lease change as a separate lease for accounting: a. the lease change expands the lease scope by increasing the use right of one or more leased assets; B. The increased consideration is equivalent to the amount adjusted according to the conditions of the contract at the separate price for most of the expansion of the lease scope.

② The lease change is not treated as a separate lease

A. The Company as lessee

On the effective date of the lease change, the Company reconfirmed the lease term and discounted the changed lease payment at the revised discount rate to re-measure the lease liability. When calculating the present value of the lease payment after the change, the implicit interest rate of the lease during the remaining lease period shall be used as the discount rate; If it is impossible to determine the implicit interest rate of the lease for the remaining lease period, the incremental loan interest rate on the effective date of the lease change shall be used as the discount rate.

The impact of the above lease liability adjustment shall be accounted for according to the following circumstances:

- If the lease scope is reduced or the lease term is shortened due to the lease change, the book value of the right to use assets shall be reduced, and the relevant gains or losses of partial or complete termination of the lease shall be included in the current profits and losses;
- For other lease changes, the book value of the right to use assets shall be adjusted accordingly.

The Company as leasor

If the operating lease is changed, the Company will treat it as a new lease for accounting from the effective date of the change, and the amount of lease receipts received in advance or receivable related to the lease before the change is regarded as the amount of new lease receipts.

If the change of financial lease is not accounted for as a separate lease, the Company will deal with the changed lease under the following circumstances: if the change of lease takes effect on the lease commencement date and the lease will be classified as an operating lease, the Company will account for it as a new lease from the effective date of lease change, and take the net lease investment before the effective date of lease change as the book value of leased assets; If the lease change takes effect on the lease commencement date, the lease will be classified as a financial lease, and the Company will conduct accounting treatment in accordance with the provisions on modifying or renegotiating the contract.

(6) Sale and lease-back

The Company assesses and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the provisions of 28. Income in Chapter X, V, Important accounting policies and accounting estimates.

① The Company as seller (lessee)

If the asset transfer in the sale and leaseback transaction does not belong to sales, the Company will continue to recognize the transferred assets, recognize a financial liability equal to the transfer income, and conduct accounting treatment for the financial liability in accordance with 10。Financial instruments in Chapter X, V, Important accounting policies and accounting estimates. If the asset transfer belongs to sales, the Company measures the right to use assets formed by sale and leaseback according to the part of the book value of the original assets related to the right to use obtained by leaseback, and only recognizes the relevant gains or losses on the rights transferred to the lessor.

② The Company as buyer (lessor)

If the asset transfer in the sale and leaseback transaction does not belong to sales, the company does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income, and carries out accounting treatment on the financial asset in accordance with 10. Financial instruments in Chapter X, V. Important accounting policies and accounting estimates. If the asset transfer belongs to sales, the Company shall conduct accounting treatment for asset purchase and asset lease in accordance with other applicable accounting standards for business enterprises.

33. Other significant accounting policies and estimates

(1) Accounting of hedging

(1.1) Classification of inventories

The Company divides its hedging strategies into fair value hedges, cash flow hedges, and net investment hedges.

① Fair value hedge. It refers to hedging activities conducted to mitigate the risk of changes in the fair value of recognized assets or liabilities, unrecognized firm commitments, or components of the aforementioned items. The fair value changes are caused by specific risks that will impact the Company's profit or other comprehensive income.

① Cash flow hedging refers to the hedging of cash flow risk. The change in cash flow is derived from specific risks associated with recognized assets or liabilities, expected transactions that are likely to occur, or with respect to the components of the above-mentioned project and will affect the profits and losses of the enterprise.

③ Net investment hedge for overseas operations refers to hedging activities conducted to mitigate the foreign exchange risk exposure of the net investment in overseas operations. The hedged risk in the net investment hedge is the translation difference between the functional currency of the overseas operations and the reporting currency of the parent company.

(1.2) Hedging tools and hedged projects

Hedging means a financial instrument designated by the Company for the purpose of hedging, whose fair value or cash flow variation is expected to offset the fair value or cash flow variation of the hedged item, including:

① Financial liabilities measured at fair value with variations accounted into current income account Check-out options can only be used as a hedging tool if the option is hedged, including those embedded in a hybrid contract. Derivatives embedded in a hybrid contract but not split cannot be used as separate hedging tools.

② Non-derivative financial assets or non-derivative financial liabilities that are measured at fair value and whose changes are included in the current profit and loss, but designated as fair value and whose changes are included in the current profit and loss, and their own credit risk changes caused by changes in fair value except for financial liabilities included in other comprehensive income.

Own equity instruments are not financial assets or financial liabilities and cannot be used as hedging instruments.

A hedged item refers to an item that exposes the Company to the risk of changes in fair value or cash flow and is designated as the hedged object and can be reliably measured. The Company designates the following individual projects, project portfolios or their components as hedged projects:

① Confirmed assets or liabilities.

② Confirmed commitments that have not yet been confirmed. Confirmed commitment refers to a legally binding agreement to exchange a specific amount of resources at an agreed price on a specific date or period in the future.

③ Expected transactions that are likely to occur. Anticipated transactions refer to transactions that have not yet been committed but are expected to occur.

④ Net investment in overseas operations.

The above-mentioned project components refer to the parts that are less than the overall fair value or cash flow changes of the project. The Company designates the following project components or their combinations as hedged items:

① The part of the change in fair value or cash flow (risk component) that is only caused by one or more specific risks in the overall fair value or cash flow changes of the project. According to the assessment in a specific market environment, the risk component should be able to be individually identified and reliably measured. The risk component also includes the part where the fair value or cash flow of the hedged item changes only above or below a specific price or other variables.

② One or more selected contractual cash flows.

③ The component of the nominal amount of the project, that is, the specific part of the whole amount or quantity of the project, may be a certain proportion of the whole project, or may be a certain level of the whole project. If a certain level includes early repayment rights and the fair value of the early repayment rights is affected by changes in the risk of the hedge, the level shall not be designated as the hedged item of the fair value hedge, but in the measurement of the hedged item except when the fair value has included the influence of the prepayment right.

(1. 3) Evaluation of hedging relationship

When the hedging relationship is initially specified, the Group officially specifies the related hedging relationships with official documents recording the hedging relationships, risk management targets and hedging strategies. This document sets out the hedging tools, hedged items, the nature of hedged risks, and the Company's assessment of hedged effectiveness. Hedging means a financial instrument designated by the Company for the purpose of hedging, whose fair value or cash flow variation is offset the fair value or cash flow variation of the hedged item, including: Such hedges are continuously evaluated on and after the initial specified date to meet the requirements for hedging validity.

If the hedging instrument has expired, been sold, the contract is terminated or exercised (but the extension or replacement as part of the hedging strategy is not treated as expired or contract termination), or the risk management objective changes, resulting in hedging The relationship no longer meets the risk management objectives, or the economic relationship between the hedged item and the hedging instrument no longer exists, or the impact of credit risk begins to dominate in the value changes caused by the economic relationship between the hedged item and the hedging instrument, or when the hedge no longer meets the other conditions of the hedge accounting method, the Company terminates the use of hedge accounting.

If the hedging relationship no longer meets the requirements for hedging effectiveness due to the hedging ratio, but the risk management objective of the designated hedging relationship has not changed, the Company shall rebalance the hedging relationship.

(1. 4) Revenue the of revenue recognition and measurement

If the conditions for applying hedge accounting method are met, it shall be handled according to the following methods:

① Fair value hedging

Gains or losses arising from hedging instruments are recognized in the current period's income statement. If the hedging is conducted for specified non-derivative equity investments (or components thereof) measured at fair value with changes in fair value recognized in other comprehensive income, gains or losses from the hedging instruments are recognized in other comprehensive income. Gains or losses arising from the hedged items due to the hedging risk exposure are recognized in the income statement. At the same time, the carrying amount of the designated hedged items that are not measured at fair value is adjusted. If the hedged item is a specified non-derivative equity investment (or component thereof) measured at fair value with changes in fair value recognized in other comprehensive income, gains or losses resulting from the hedging risk exposure are recognized in other comprehensive income, and the carrying amount of the hedged item has already been measured at fair value and does not require adjustment.

Regarding fair value hedges related to financial instruments (or components thereof) measured at amortized cost, any adjustments made to the carrying amount of the hedged item are amortized using the effective interest rate recalculated from the date of the commencement of amortization and recognized in the income statement. The amortization date for adjustments should begin from the adjustment date and should not be later than the point at which hedging gains and losses are adjusted upon termination of the hedged item. For hedged items that are financial assets (or components thereof) measured at fair value with changes in fair value recognized in other comprehensive income, the accumulated hedging gains or losses should be amortized in the same manner and recognized in the income statement. However, the carrying amount of the financial assets (or components thereof) should not be adjusted.

For hedged items that are unrecognized firm commitments (or components thereof), the cumulative fair value changes caused by the hedging risk after the hedging relationship is designated should be recognized as an asset or liability. The related gains or losses should be recognized in the income statement. When fulfilling a firm commitment and acquiring an asset or assuming a liability, the initial recognized amount of the asset or liability should be adjusted to include the cumulative fair value changes of the designated hedged item that have been recognized.

③ Cash flow hedging

The part of hedging tool gains or losses that is valid for hedging is recognized as other comprehensive income as a cash flow hedging reserve, and the part that is invalid for hedging (that is, other gains or losses after deducting other comprehensive income), are counted Into the current profit and loss. The amount of cash flow hedging reserve is determined according to the lower of the absolute amounts of the following two items: ①accumulated gains or losses of hedging instruments since the hedging. The amount in the effective arbitrage is recognized by the accumulative gains or losses from the starting of arbitrage and accumulative changes to the current value of future forecast cash flows from the start of arbitrage.

If the expected transaction of the hedged asset is subsequently recognized as a non-financial asset or non-financial liability, or if the expected transaction of the non-financial asset or non-financial liability forms a defined commitment to the applicable fair value hedge accounting, the amount of the cash flow hedge reserve originally recognized in the other consolidated income is transferred out to account for the initial recognized amount of the asset or liability. For the remaining cash flow hedges, during the same period when the expected cash flow to be hedged affects the profit and loss, if the expected sales occur, the cash flow hedge reserve recognized in other comprehensive income is transferred out and included in the current profit and loss.

③ Foreign operation net investment hedging

For hedging of foreign operation net investments, the portion of gains or losses from the hedging instruments that qualify as effective hedges is directly recognized in other comprehensive income. The portion of gains or losses from the hedging instruments that do not qualify as effective hedges is recognized in the income statement. Upon disposal of the foreign operation, the previously recognized gains or losses from the hedging instruments reflected in other comprehensive income are reclassified to the income statement.

(2) Repurchase of the Company's shares

① In the event of a reduction in the Company's share capital as approved by legal procedure, the Company shall reduce the share capital by the total amount of the written-off shares, adjust the owner's equity by the difference between the price paid by the purchased stocks (including transaction costs) and the total amount of the written-off shares, offset the capital reserve (share capital premium), surplus reserve and undistributed profits in turn; A portion of a capital reserve (share capital premium) that is less than the total face value and less than the total face value.

② The total expenditure of the repurchase shares of the Company, which is managed as an inventory share before they are cancelled or transferred, is converted to the cost of the inventory shares.

③ Increase in the capital reserve (capital premium) at the time of transfer of an inventory unit, the portion of the transfer income above the cost of the inventory unit; Lower than the inventory stock cost, the capital reserve (share capital premium), surplus reserve, undistributed profits in turn.

(3) Measurement of Fair Value

Fair value refers to the amount of asset exchange or liabilities settlement by both transaction parties familiar with the situation in a fair deal on a voluntary basis.

The Company measures the fair value of related assets or liabilities at the prices in the main market. If there is no major market, the Company measures the fair value of the relevant assets or liabilities at the most favorable market prices. The Group uses assumptions that market participants use to maximize their economic benefits when pricing the asset or liability.

The main market refers to the market with the highest transaction volume and activity of the related assets or liabilities. The most favorable market means the market that can sell the related assets at the highest amount or transfer the related liabilities at the lowest amount after considering the transaction cost and transportation cost.

For financial assets or liabilities in an active market, The Company determines their fair value based on quotations in the active market. If there is no active market, the Company uses evaluation techniques to determine the fair value.

For the measurement of non-financial assets at fair value, the ability of market participants to use the assets for optimal purposes to generate economic benefits, or the ability to sell the assets to other market participants that can be used for optimal purposes to generate economic benefits.

① Evaluation techniques

The Company adopts valuation techniques that are applicable in the current period and are supported by sufficient data and other information. The valuation techniques used mainly include market method, income method and cost method. The Company uses a method consistent with one or more of the valuation techniques to measure fair value. If multiple valuation techniques are used to measure fair value, the reasonableness of each valuation result shall be considered, and the fair value shall be selected as the most representative of fair value under the current circumstances. The amount of value is regarded as fair value.

The The Company equipment are applicable in the current circumstances and have sufficient available data and other information to support the use of the relevant observable input values prioritized. Unobservable input values are used only when the observable input value cannot be obtained or is not feasible. Observable input values are input values that can be obtained from market data. The Group uses assumptions that market participants use to maximize their economic benefits when pricing the asset or liability. Non-observable input values are input values that cannot be obtained from market data. The input value is obtained based on the best information available on assumptions used by market participants in pricing the relevant asset or liability.

②Fair value hierarchy

This company divides the input value used in fair value measurement into three levels, and first uses the first level input value, then uses the second level input value, and finally uses the third level input value. First level: quotation of same assets or liabilities in an active market (unadjusted) The second level input value is a directly or indirectly observable input value of the asset or liability in addition to the first level input value. The input value of the third level is the unobservable input value of the related asset or liability.

(4) Significant accounting judgment and estimate

The Company continuously reviews significant accounting judgment and estimate adopted for the reasonable forecast of future events based on its historical experience and other factors. Significant accounting judgment and assumptions that may lead to major adjustment of the book value of assets and liabilities in the next accounting year are listed as follows:

Classification of financial assets

The major judgements involved in the classification of financial assets include the analysis of business model and contract cash flow characteristics.

The company determines the business mode of managing financial assets at the level of financial asset portfolio, taking into account such factors as how to evaluate and report financial asset performance to key managers, the risks that affect financial asset performance and how to manage it, and how to obtain remuneration for related business managers.

When the company assesses whether the contractual cash flow of financial assets is consistent with the basic borrowing arrangement, there are the following main judgments: whether the principal may change due to early repayment and other reasons during the duration of the period or the amount of change; whether the interest Including the time value of money, credit risk, other basic borrowing risks, and consideration of costs and profits. For example, does the amount paid in advance reflect only the unpaid principal and the interest based on the unpaid principal, as well as the reasonable compensation paid for early termination of the contract.

Measurement of expected credit losses of accounts receivable

The Company calculates the expected credit loss of accounts receivable through the risk exposure of accounts receivable default and the expected credit loss rate, and determines the expected credit loss rate based on the default probability and the default loss rate. When determining the expected credit loss rate, the Company uses internal historical credit loss experience and other data, combined with current conditions and forward-looking information to adjust the historical data. When considering forward-looking information, the indicators used by the Company include the risks of economic downturn, changes in the external market environment, technological environment, and customer conditions. The Company regularly monitors and reviews assumptions related to the calculation of expected credit losses.

Deferred income tax assets

If there is adequate taxable profit to deduct the loss, the deferred income tax assets should be recognized by all the unused tax loss. This requires the management to make a lot of judgment to forecast the time and amount of future taxable profit and determine the amount of the deferred tax assets based on the taxation strategy.

Income recognition

The Company's revenue from providing curtain wall construction and metro platform screen door installation services is recognized over a period of time. The recognition of the income and profit of such engineering installation services depends on the Company's estimation of the contract results and performance progress. If the actual amount of total revenue and total cost is higher or lower than the estimated value of the management, it will affect the amount of revenue and profit recognition of the Company in the future.

Engineering contract

The management shall make relevant judgment to confirm the income and expenses of project contracting business according to the performance progress. If losses are expected to occur in the project contract, such losses shall be recognized as current expenses. The management of the Company estimates the possible losses according to the budget of the project contract. The Company determines the transaction price according to the terms of the contract and in combination with previous customary practices, and considers the influence of variable consideration, major financing components in the contract and other factors. During the performance of the contract, the Company continuously reviews the estimated total contract revenue and the estimated total contract cost. When the initial estimate changes, such as contract changes, claims and awards, the estimated total contract revenue and the estimated total contract cost are revised. When the estimated total contract cost exceeds the total contract revenue, the main business cost and estimated liabilities shall be recognized according to the loss contract to be executed.

Estimate of fair value

The Company uses fair value to measure investment real estate and needs to estimate the fair value of investment real estate at least quarterly. This requires the management to reasonably estimate the fair value of the investment real estate with the help of valuation experts.

Development cost

For property that has been handed over with income recognized, but whose public facilities have not been constructed or not been completed, the management will estimate the development cost for the part that has not been started according to the budget to reflect the operation result of the property sales.

34. Major changes in accounting policies and estimates

1. Changes in important accounting policies

☑ Applicable □ Inapplicable

In RMB

Account policy changes and reasons	Statement item materially affected	Affected amount
Implementation of ASBE Interpretation No. 16, "Accounting for Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction to Which the Initial Recognition Exemption Does Not Apply" On November 30, 2022, the Ministry of Finance ("MOF") issued ASBE Interpretation No. 16 ("ASBE Interpretation No. 16") ("ASBE Interpretation No. 31"), of which "Accounting for Deferred Income Taxes on Assets and Liabilities Arising from Individual Transactions to which the Exemption from Initial Recognition Does Not Apply" has become effective as of January 1, 2023. The Company implemented this provision of Interpretation No.16 on January 1, 2023. The implementation of this provision did not have any significant impact on the Company's financial position and results of operations.	No	No

(2) Changes in major accounting estimates

□ Applicable ☑ Inapplicable

(3) Implementation of new accounting standards adjustment for the first time starting from 2023, and implementation of financial statement related items at the beginning of the year for the first time

□ Applicable ☑ Inapplicable

VI. Taxation

1. Major taxes and tax rates

Tax	Tax basis	Tax rate (%)
VAT	Taxable income	1, 3, 5, 6, 9, and 13
City maintenance and construction tax	Taxable turnover	1, 5, 7
Education surtax	Taxable turnover	3
Local education surtax	Taxable turnover	2
Enterprise income tax	Taxable income	See the following table

Tax rates applicable for different tax payers

Tax payer	Income tax rate
The Company	25%
Shenzhen Fangda Jianke Co., Ltd. (hereinafter Fangda Jianke)	15%
Fangda Zhiyuan Technology Co., Ltd. (hereinafter Fangda Zhiyuan)	15%
Fangda New Material (Jiangxi) Co., Ltd. (hereinafter Fangda Jiangxi New Material)	15%
Chengdu Fangda Construction Technology Co., Ltd. (hereinafter Fangda Chengdu Technology)	15%
Dongguan Fangda New Material Co., Ltd. (hereinafter Fangda Dongguan New Material)	25%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%
Shenzhen Fangda New Energy Co., Ltd. (hereinafter Fangda New Energy)	25%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property	25%

Development)	
Jiangxi Fangda Property Development Co., Ltd. (hereinafter Fangda Jiangxi Property Development)	25%
Pingxiang Fangda Luxin New Energy Co., Ltd. (hereinafter Fangda Luxin New Energy)	25%
Nanchang Xinjian Fangda New Energy Co., Ltd. (hereinafter Fangda Xinjian New Energy)	25%
Dongguan Fangda New Energy Co., Ltd. (hereinafter Fangda Dongguan New Energy)	25%
Shenzhen QIanhai Kechuangyuan Software Co., Lt.d (hereinafter Kechuangyuan Software)	25%
Fangda Zhiyuan Technology (Hong Kong) Co., Ltd, (Fangda Zhiyuan Hong Kong)	16.50%
Fangda Zhiyuan Technology (Wuhan) Co., Ltd, (Fangda Wuhan Zhiyuan)	25%
Fangda Zhiyuan Technology (Nanchang) Co., Ltd, (Fangda Nanchang Zhiyuan)	25%
Fangda Zhiyuan Railway Transportation Equipment (Dongguan) Co., Ltd. (hereinafter referred to as Fangda Zhiyuan Dongguan)	25%
General Rail Technology Private Limited	17%
Shihui International Holding Co., Ltd. (hereinafter Fangda Shihui International)	16.50%
Shenzhen Hongjun Investment Co., Ltd. (hereinafter Fangda Hongjun Investment)	25%
Fangda Australia Pty Ltd (hereinafter Fangda Australia)	30%
Shanghai Fangda Zhijian Technology Co., Ltd. (hereinafter referred to as Fangda Shanghai Zhijian company)	15%
Shenzhen Fangda Yunzhi Technology Co., Ltd. (hereinafter Fangda Yunzhi)	25%
Shanghai Fangda Jianzhi Technology Co., Ltd. (hereinafter Fangda Shanghai Jianzhi)	25%
Shenzhen Zhongrong Litai Investment Co. Ltd. (Zhongrong Litai)	25%
Chengdu Fangda Curtain Wall Technology Co., Ltd. (hereinafter Fangda Chengdu Curtain Wall)	25%
Fangda Southeast Asia Co., Ltd. (hereinafter Fangda Southeast Asia)	20%
Shenzhen Xunfu Investment Co., Ltd. (hereinafter referred to as Fangda Xunfu Investment)	25%
Shenzhen Lifu Investment Co., Ltd. (hereinafter referred to as Fangda Lifu Investment)	25%
Shenzhen Fangda Investment Partnership (Limited Partnership) (hereinafter referred to as Fangda Investment)	Inapplicable
Fangda Jianke (Hong Kong) Co., Ltd. (hereinafter Fangda Jianke Hong Kong)	16.50%
Shenzhen Fangda Yunzhu Technology Co., Ltd. (hereinafter Fangda Yunzhu)	15%
Shenzhen Yunzhu Testing Technology Co., Ltd. (Hereinafter Fangda Yunzhu Testing)	25%
Jiangxi Fangda Intelligent Manufacturing Technology Co., Ltd. (hereinafter referred to as Fangda Intelligent Manufacturing Company)	25%
Shenzhen Fangda Jianchuang Technology Co., Ltd. (hereinafter Fangda Jianchuang)	25%

2. Tax preference

(1) On December 23, 2021, the subsidiary Fangda Jianke obtained the certificate of high-tech enterprise jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, State Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202144200527. Within three years after obtaining the qualification of high-tech enterprise (from 2021 to 2023), the income tax will be levied at 15%.

(2) On December 23, 2021, the subsidiary Fangda Zhiyuan Technology Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, State Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202144205924. Within three years after obtaining the qualification of high tech enterprise (from 2021 to 2023), the income tax will be levied at 15%.

(3) On November 3, 2021, the subsidiary Fangda Jiangxi New Material Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Jiangxi Provincial Department of Science and Technology, Jiangxi Provincial Department of Finance, State Administration of Taxation and Jiangxi Provincial Bureau of Taxation. The certificate number is GR202136000174. Within three years after obtaining the qualification of high tech enterprise (2021-2023), the income tax will continue to be levied at 15%.

(4) On October 16, 2023, our subsidiary, Fangda Chengdu Technology Company, obtained the "High-tech Enterprise Certificate" jointly issued by the Science and Technology Department of Sichuan Province, the Finance Department of Sichuan Province, and the State Taxation Bureau of Sichuan Province. The certificate number is GR202351000927. For the next three years (2023 to 2025) following the qualification as a high-tech enterprise, the income tax will continue to be levied at a rate of 15%.

(5) The subsidiary Kechuangyuan Software is an enterprise located in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone. Its main business meets the conditions of Preferential Catalogue of Enterprise Income Tax in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone (2021), and the income tax is levied at 15% from January 1, 2021 to December 31, 2021.

(9) On November 15, 2023, the subsidiary Fangda Shanghai Zhijian obtained the certificate GR202331002267 of high tech enterprise jointly issued by Shanghai Science and Technology Commission, Shanghai Finance Bureau and Shanghai Taxation Bureau. Within three years (from

2023 to 2025) after obtaining the qualification of high tech enterprise, the income tax will continue to be charged at 15%.

(7) On December 11, 2021, the subsidiary Fangda Yunzhu Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, State Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202344205791. Within three years after obtaining the qualification of high tech enterprise (from 2023 to 2025), the income tax will be levied at 15%.

(8) According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing Income Tax Preferential Policies for Small and Micro Enterprises (Announcement No. 13 of 2022) and the Announcement of the Ministry of Finance and the State Administration of Taxation on Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement No. 6 of 2023), some companies belong to small and micro profit enterprises in 2023, Their income shall be subject to corporate income tax in accordance with the provisions of the aforementioned documents.

VII. Notes to the consolidated financial statements

1. Monetary capital

In RMB

Item	Closing balance	Opening balance
Inventory cash:	752.40	149.81
Bank deposits	787,363,734.05	809,288,523.64
Other monetary capital	637,786,629.79	429,465,543.05
Total	1,425,151,116.24	1,238,754,216.50
Including: total amount deposited in overseas	45,201,676.97	49,596,440.24

Others:

(1) The restricted funds used in the end-of-period balance of bank deposits amount to RMB21,926,945.64, with RMB21,629,405.31 from the labor security account and migrant workers' salary account deposits, and RMB297,540.33 from fixed deposit interest. The restricted funds used in the end-of-period balance of other monetary funds amount to RMB623,563,052.18,

mainly consisting of bill deposit margin, phased guarantee deposit, letter of guarantee deposit, etc. In the preparation of the cash flow statement, the above-mentioned deposits and other restricted deposits are not used as cash and cash equivalents.

(2) In addition, there are no other funds in the monetary funds at the end of the period that have restrictions on use and potential recovery risks due to mortgages, pledges or freezing.

2. Derivative financial assets

In RMB

Item	Closing balance	Opening balance
Forward foreign exchange contract	173,737.06	789,205.34
Total	173,737.06	789,205.34

3. Notes receivable

(1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance	21,487,899.17	18,434,258.87
Commercial acceptance	25,884,982.10	111,994,295.62
Total	47,372,881.27	130,428,554.49

(2) Disclosure by bad debt accrual method

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Notes receivable with provision for bad debts by portfolio	47,778,354.93	100.00%	405,473.66	0.85%	47,372,881.27	132,708,717.05	100.00%	2,280,162.56	1.72%	130,428,554.49
Including:										
Commercial acceptance	26,290,455.76	55.03%	405,473.66	1.54%	25,884,982.10	114,274,458.18	86.11%	2,280,162.56	2.00%	111,994,295.62

Bank acceptance	21,487,899.17	44.97%			21,487,899.17	18,434,258.87	13.89%			18,434,258.87
Total	47,778,354.93	100.00%	405,473.66	0.85%	47,372,881.27	132,708,717.05	100.00%	2,280,162.56	1.72%	130,428,554.49

Provision for bad debts by combination: trade acceptance

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Commercial acceptance	26,290,455.76	405,473.66	1.54%
Total	26,290,455.76	405,473.66	

Provision for bad debts by combination: bank acceptance

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Bank acceptance	21,487,899.17	0.00	0.00%
Total	21,487,899.17	0.00	

If the provision for bad debts on accounts receivable is being made based on the expected credit loss general model:

□ Applicable ☑ Inapplicable

(3) Bad debt provision made, returned or recovered in the period

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Commercial acceptance	2,280,162.56	-1,874,688.90				405,473.66
Total	2,280,162.56	-1,874,688.90				405,473.66

Including significant recovery or reversal:

□ Applicable ☑ Inapplicable

(4) The Group has no endorsed or discounted immature receivable notes at the end of the period.

In RMB

Item	De-recognized amount	Not de-recognized amount
Bank acceptance		19,487,899.17
Commercial acceptance		8,450,000.00
Total		27,937,899.17

4. Account receivable

(1) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	480,886,398.43	648,121,516.33
1-2 years	202,348,687.37	135,225,634.55
2-3 years	158,881,321.32	49,806,209.96
Over 3 years	335,427,049.97	224,706,979.53
3-4 years	134,723,171.92	54,194,564.87
4-5 years	50,830,831.78	58,235,655.84
Over 5 years	149,873,046.27	112,276,758.82
Total	1,177,543,457.09	1,057,860,340.37

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

Significant individual amounts of accounts receivable in the curtain wall and materials industry that have exceeded three years in age

Customer	Balance of accounts receivable of over 3 years (RMB)	Balance of provision for bad debts (RMB)	Reason of the age	Whether there is a risk of recovery
Customer 1	72,553,486.88	17,328,905.08	Customer credit status deteriorates	Yes
Customer 2	54,873,223.21	54,873,223.21	Customer credit status deteriorates	Yes
Customer 3	28,415,073.84	28,415,073.84	Customer credit status deteriorates	Yes
Customer 4	17,507,892.47	5,637,572.02	Customer credit status deteriorates	Yes
Customer 5	17,374,148.42	17,374,148.42	Customer credit status deteriorates	Yes

(2) Disclosure by bad debt accrual method

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Account receivable for which bad debt provision is made by group	80,430,339.27	6.83%	74,382,698.73	92.48%	6,047,640.54	89,501,875.22	8.46%	83,454,234.68	93.24%	6,047,640.54
Including:										
Customer 1	54,873,223.21	4.67%	54,873,223.21	100.00%	0.00	54,873,223.21	5.19%	54,873,223.21	100.00%	0.00
Customer 2	13,461,834.96	1.14%	13,461,834.96	100.00%	0.00	13,461,834.96	1.27%	13,461,834.96	100.00%	0.00
Custome	7,096,42	0.60%	3,548,21	50.00%	3,548,21	7,096,42	0.67%	3,548,21	50.00%	3,548,21

r 3	1.00		0.50		0.50	1.00		0.50		0.50
Customer 4	4,998,860.10	0.42%	2,499,430.06	50.00%	2,499,430.04	4,998,860.10	0.47%	2,499,430.06	50.00%	2,499,430.04
Customer 5						9,071,535.95	0.86%	9,071,535.95	100.00%	
Account receivable for which bad debt provision is made by group	1,097,113,117.82	93.17%	191,673,844.17	17.47%	905,439,273.65	968,358,465.15	91.54%	142,113,757.52	14.68%	826,244,707.63
Including:										
Portfolio 1: Engineering operations section	881,971,973.34	74.90%	181,121,184.71	20.54%	700,850,788.63	714,451,919.44	67.54%	128,787,757.87	18.03%	585,664,161.57
Portfolio 2: Real estate business payments	144,374,822.98	12.26%	8,293,566.86	5.74%	136,081,256.12	167,560,235.16	15.84%	7,893,605.97	4.71%	159,666,629.19
Portfolio 3: Other business models	70,766,321.50	6.01%	2,259,092.60	3.19%	68,507,228.90	86,346,310.55	8.16%	5,432,393.68	6.29%	80,913,916.87
Total	1,177,543,457.09	100.00%	266,056,542.90	22.59%	911,486,914.19	1,057,860,340.37	100.00%	225,567,992.20	21.32%	832,292,348.17

Provision for bad debts by combination: Portfolio 1: Engineering business

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	293,137,304.50	5,745,491.13	1.96%
1-2 years	153,658,675.42	8,697,081.03	5.66%
2-3 years	154,960,615.90	19,772,974.58	12.76%
3-4 years	131,925,551.40	26,068,488.96	19.76%
4-5 years	48,298,165.23	20,845,488.12	43.16%
Over 5 years	99,991,660.89	99,991,660.89	100.00%
Total	881,971,973.34	181,121,184.71	

Group recognition basis:

See 10. Financial Tools in Chapter X, V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

Bad debt provision by portfolio: portfolio 2: real estate business funds

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	73,582,665.92	735,826.66	1.00%
1-2 years	30,609,499.61	1,530,474.98	5.00%
2-3 years	1,333.98	66.70	5.00%
3-4 years	53,645.28	8,046.79	15.00%
4-5 years			
Over 5 years	40,127,678.19	6,019,151.73	15.00%
Total	144,374,822.98	8,293,566.86	

Provision for bad debts by combination: portfolio 3: Others business

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	45,107,020.58	329,281.25	0.73%
1-2 years	18,804,861.60	394,902.10	2.10%
2-3 years	3,486,725.13	293,582.25	8.42%
3-4 years	2,743,975.24	679,957.07	24.78%
4-5 years	460,968.35	398,599.33	86.47%
Over 5 years	162,770.60	162,770.60	100.00%
Total	70,766,321.50	2,259,092.60	

If the provision for bad debts on accounts receivable is being made based on the expected credit loss general model:

□ Applicable ☑ Inapplicable

(3) Bad debt provision made, returned or recovered in the period

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Separate bad debt provision	83,454,234.68		9,071,535.95			74,382,698.73
Provision for bad debts by combination	142,113,757.52	49,905,717.15		345,630.50		191,673,844.17
Total	225,567,992.20	49,905,717.15	9,071,535.95	345,630.50		266,056,542.90

Including significant recovery or reversal:

In RMB

Entity	Written-back or recovered amount	Reason	Method	Basis for determining the original bad debt provision percentage and its reasonableness
Customer 5	9,071,535.95	After applying for bankruptcy liquidation, the customer shall have priority to receive compensation and be recovered by bank transfer	Bank transfer recovery	The customer belongs to a serious default enterprise and its creditworthiness has seriously deteriorated. The management of the Company expects that the amount will be difficult to be recovered after obtaining evidence and verification, and has made a provision for bad

				debts at 100% of the full amount.
Total	9,071,535.95			

(4) Written-off account receivable during the period

In RMB

Item	Amount
Account receivable written off	345,630.50

(5) Accounts receivable and contract assets with the top-5 ending balances, grouped by party owed

In RMB

Entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total ending balance of accounts receivable and contract assets	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
No.1	113,529,244.60	9,903,379.39	123,432,623.99	3.15%	24,692,172.75
No.2	23,700,237.65	73,152,350.94	96,852,588.59	2.47%	1,898,310.74
No.3	14,542,463.83	69,978,389.42	84,520,853.25	2.15%	8,187,781.07
No.4	4,628,200.00	72,648,861.61	77,277,061.61	1.97%	2,072,020.89
No.5	490,016.39	66,593,528.47	67,083,544.86	1.71%	3,251,420.39
Total	156,890,162.47	292,276,509.83	449,166,672.30	11.45%	40,101,705.84

5. Contract assets

(1) Contract assets

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Bad debt provision	Book value	Remaining book value	Bad debt provision	Book value
Completed and unsettled project funds that fail to meet the collection conditions	2,536,843,592.06	179,066,040.85	2,357,777,551.21	2,176,000,625.48	173,393,371.22	2,002,607,254.26
Quality guarantee deposit that fails to meet the collection conditions	157,921,009.28	13,409,302.47	144,511,706.81	238,597,873.77	25,009,664.48	213,588,209.29
Sales funds with conditional collection right	51,338,008.75	436,594.78	50,901,413.97	42,541,809.75	365,427.72	42,176,382.03

Less: Contract assets shown in other non-current assets	69,887,873.01	5,127,003.43	64,760,869.58	105,183,978.15	5,672,791.00	99,511,187.15
Total	2,676,214,737.08	187,784,934.67	2,488,429,802.41	2,351,956,330.85	193,095,672.42	2,158,860,658.43

(2) The amount and reason for the significant change in the book value during the reporting period

In RMB

Item	Change	Reason
Completed and unsettled project funds	355,170,296.95	This is mainly due to the unsettled project funds with conditional collection rights arising from the revenue recognized in the project contract this year
Warranty	-69,076,502.48	Mainly attributable to the decrease in warranty deposits for which collection conditions have not been met
Less: Contract assets shown in other non-current assets	-34,750,317.57	Mainly due to lower outstanding warranties on completed projects
Total	320,844,112.04	——

(3) Disclosure by bad debt accrual method

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Separate bad debt provision	16,288,576.53	0.61%	9,033,247.20	55.46%	7,255,329.33	11,901,414.39	0.51%	6,839,666.13	57.47%	5,061,748.26
Including:										
Customer 1	1,777,917.87	0.07%	1,777,917.87	100.00%		1,777,917.87	0.08%	1,777,917.87	100.00%	0.00
Customer 2	14,510,658.66	0.54%	7,255,329.33	50.00%	7,255,329.33	10,123,496.52	0.43%	5,061,748.26	50.00%	5,061,748.26
Provision for bad debts by combination	2,659,926,160.55	99.39%	178,751,687.47	6.72%	2,481,174,473.08	2,340,054,916.46	99.49%	186,256,006.29	7.96%	2,153,798,910.17
Including:										
Combination 1: sales payment with conditio	51,338,008.75	1.92%	436,594.78	0.85%	50,901,413.97	42,541,809.75	1.81%	365,427.72	0.86%	42,176,382.03

nal collection right										
Portfolio 2: Completed and unsettled project not meeting collection conditions	2,519,643,302.99	94.15%	169,724,313.35	6.74%	2,349,918,989.64	2,163,485,788.17	91.99%	166,553,705.09	7.70%	1,996,932,083.08
Portfolio 3: Quality guarantee deposit not meeting collection conditions	88,944,848.81	3.32%	8,590,779.34	9.66%	80,354,069.47	134,027,318.54	5.70%	19,336,873.48	14.43%	114,690,445.06
Total	2,676,214,737.08	100.00%	187,784,934.67	7.02%	2,488,429,802.41	2,351,956,330.85	100.00%	193,095,672.42	8.21%	2,158,860,658.43

Provision for bad debts by portfolio: 1 Sales funds with conditional collection right

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Combination 1: sales payment with conditional collection right	51,338,008.75	436,594.78	0.85%
Total	51,338,008.75	436,594.78	

Group recognition basis:

See 10. Financial Tools in Chapter X, V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

Provision for bad debts by portfolio: 2 Completed and unsettled project funds that fail to meet the collection conditions

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 2: Completed and unsettled project not meeting collection conditions	2,519,643,302.99	169,724,313.35	6.74%
Total	2,519,643,302.99	169,724,313.35	

Provision for bad debts by portfolio: 3 Quality guarantee deposit that fails to meet the collection conditions

In RMB

Company Name	Closing balance

	Remaining book value	Bad debt provision	Provision rate
Portfolio 3: Quality guarantee deposit not meeting collection conditions	88,944,848.81	8,590,779.34	9.66%
Total	88,944,848.81	8,590,779.34	

Provision for bad debts based on general model of expected credit losses

□ Applicable ☑ Inapplicable

(4) Bad debt provision made, returned or recovered in the period

In RMB

Item	Provision	Recovered or reversed during the period	Written off in the current period	Reason
Separate bad debt provision	2,193,581.07			
Provision for bad debts by combination	-7,504,318.82			
Total	-5,310,737.75			——

6. Receivable financing

(1) Presentation of receivables financing classification

In RMB

Item	Closing balance	Opening balance
Notes receivable	6,979,428.14	1,338,202.01
Total	6,979,428.14	1,338,202.01

(2) Disclosure by bad debt accrual method

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Provision for bad debts by combination	6,979,428.14	100.00%	0.00	0.00%	6,979,428.14	1,338,202.01	100.00%	0.00	0.00%	1,338,202.01
Including:										
Bank acceptance	6,979,428.14	100.00%	0.00	0.00%	6,979,428.14	1,338,202.01	100.00%	0.00	0.00%	1,338,202.01
Total	6,979,428.14	100.00%	0.00	0.00%	6,979,428.14	1,338,202.01	100.00%	0.00	0.00%	1,338,202.01

Provision for bad debts by combination:

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Bank acceptance	6,979,428.14	0.00	0.00%
Total	6,979,428.14	0.00	

Group recognition basis:

See 10. Financial Tools in Chapter X, V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

7. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	145,113,323.33	155,379,024.22
Total	145,113,323.33	155,379,024.22

(1) Other receivables

1) Other receivables are disclosed by nature

In RMB

By nature	Closing balance of book value	Opening balance of book value
Deposit and pledge paid	96,041,429.79	99,789,014.58
Construction borrowing and advanced payment	41,180,355.37	33,008,395.75
Staff borrowing and petty cash	2,515,436.58	1,439,503.90
VAT refund receivable	798,918.77	1,946,422.08
Debt by Luo Huichi		11,242,291.48
Others	11,974,398.52	30,122,981.20
Total	152,510,539.03	177,548,608.99

(2) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	30,123,678.94	23,108,291.98
1-2 years	4,793,018.03	6,830,367.09
2-3 years	5,310,261.72	22,325,214.95
Over 3 years	112,283,580.34	125,284,734.97
3-4 years	9,787,862.62	18,001,035.18
4-5 years	7,701,603.22	70,858,183.77
Over 5 years	94,794,114.50	36,425,516.02
Total	152,510,539.03	177,548,608.99

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

Significant individual amounts of other accounts receivable in the curtain wall and materials industry that have exceeded three years in age

Customer	Balance of other receivables older than three years (RMB)	Balance of provision for bad debts (RMB)	Reason of the age	Whether there is a risk of recovery
Customer 1	1,970,381.89	1,970,381.89	Customer credit status deteriorates	Yes

(3) Disclosure by bad debt accrual method

☑ Applicable □ Inapplicable

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Separate bad debt provision	0.00	0.00%	0.00		0.00	29,994,114.05	16.89%	15,026,957.59	50.10%	14,967,156.46
Including:										
Luo Huichi	0.00	0.00%	0.00		0.00	11,242,291.48	6.33%	11,242,291.48	100.00%	0.00
Shenyang Fangda	0.00	0.00%	0.00		0.00	42,877.00	0.02%	42,877.00	100.00%	0.00
Shenzhen Rijiasheng Trading Co., Ltd	0.00	0.00%	0.00		0.00	18,708,945.57	10.54%	3,741,789.11	20.00%	14,967,156.46
Provision for bad debts by combination	152,510,539.03	100.00%	7,397,215.70	4.85%	145,113,323.33	147,554,494.94	83.11%	7,142,627.18	4.84%	140,411,867.76
Including:										
Portfolio 1: First stage	143,789,155.16	94.28%	2,143,506.61	1.49%	141,645,648.55	138,670,714.93	78.10%	2,063,971.54	1.49%	136,606,743.39
Portfolio 2: Second stage	3,574,882.60	2.34%	107,207.82	3.00%	3,467,674.78	3,922,808.63	2.21%	117,684.26	3.00%	3,805,124.37
Portfolio 3: Third stage	5,146,501.27	3.38%	5,146,501.27	100.00%		4,960,971.38	2.79%	4,960,971.38	100.00%	0.00
Total	152,510,539.03	100.00%	7,397,215.70	4.85%	145,113,323.33	177,548,608.99	100.00%	22,169,584.77	12.49%	155,379,024.22

Provision for bad debts by combination:
Portfolio 1: First stage

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 1: First stage	143,789,155.16	2,143,506.61	1.49%
Total	143,789,155.16	2,143,506.61	

Description of the basis for determining the portfolio: Provision for bad debts is made on the basis of the general model of expected credit losses.

Portfolio 2: Second stage

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 2: Second stage	3,574,882.60	107,207.82	3.00%
Total	3,574,882.60	107,207.82	

Portfolio 3: Third stage

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 3: Third stage	5,146,501.27	5,146,501.27	100.00%
Total	5,146,501.27	5,146,501.27	

Provision for bad debts based on general model of expected credit losses

In RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2023	2,063,971.54	117,684.26	19,987,928.97	22,169,584.77
Balance on January 1, 2023 in the current period				
-- transferred to the second stage				0.00
-- transferred to the third stage				0.00
-- transferred back to second stage				0.00
-- transferred back to first stage				0.00
Provision	79,438.15	-10,476.44	185,219.33	254,181.04
Transferred back in the current period			4,156,665.11	4,156,665.11
Written off in the current period			10,992,291.48	10,992,291.48
Canceled in the current period				0.00

Other change	96.92		122,309.56	122,406.48
Balance on December 31, 2023	2,143,506.61	107,207.82	5,146,501.27	7,397,215.70

Changes in book balances with significant changes in the current period

☑ Applicable □ Inapplicable

(See 4 below for details.) Provisions for bad debts made, recovered or reversed during the period.

4) Bad debt provision made, returned or recovered in the period

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Write-off	Others	
Separate bad debt provision	15,026,957.59		4,156,665.11	10,992,291.48	121,999.00	
Provision for bad debts by combination	7,142,627.18	254,181.04			407.48	7,397,215.70
Total	22,169,584.77	254,181.04	4,156,665.11	10,992,291.48	122,406.48	7,397,215.70

Including significant recovery or reversal:

In RMB

Entity	Written-back or recovered amount	Reason	Method	Basis for determining the original bad debt provision percentage and its reasonableness
Shenzhen Rijiasheng Trading Co., Ltd	3,741,789.11	Repayment shall be executed in accordance with the second-instance court judgment.	According to the second-instance court judgment, the repayment shall be executed by deducting from the partial payment of the purchase price made by the counterparty.	Due to the severe deterioration of the customer's credit status and repeated failure to repay on time, a specific provision for bad debts has been calculated at 20% in the previous period.
Total	3,741,789.11			

5) Other receivable written off in the current period

In RMB

Item	Amount
Luo Huichi	10,992,291.48

Including significant other receivable:

In RMB

Entity	Nature	Amount	Reason	Writing-off procedure	Related transaction
Luo Huichi	Debt by Luo Huichi	10,992,291.48	Impossible enforcement of property, with minimal possibility of subsequent recovery	Approved by the senior management	No
Total		10,992,291.48			

6) Balance of top 5 other receivables at the end of the period

In RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Shenzhen Yikang Real Estate Co. Ltd.	Margin and current account	6,000,000.00	Less than 1 year	49.87%	1,133,333.87
		62,675.83	3-4 years		
		2,000,000.00	4-5 years		
		68,000,000.00	Over 5 years		
Bangshen Electronics (Shenzhen) Co., Ltd.	Deposit	20,000,000.00	Over 5 years	13.11%	298,000.00
Shenzhen Henggang Dakang Co., Ltd.	Deposit	8,000,000.00	Over 5 years	5.25%	119,200.00
Ganshang Joint Investment	Others	3,791,089.25	4-5 years	2.49%	56,487.23
Xin Song	Others	1,970,381.89	Over 5 years	1.29%	1,970,381.89
Total		109,824,146.97		72.01%	3,577,402.99

8. Prepayment

(1) Account ages of prepayments

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	29,398,144.01	86.53%	14,930,557.32	72.37%
1-2 years	1,713,380.35	5.04%	2,913,056.11	14.12%
2-3 years	648,638.59	1.91%	582,237.19	2.82%
Over 3 years	2,216,406.41	6.52%	2,205,799.97	10.69%
Total	33,976,569.36		20,631,650.59	

At the end of the period, there are no important prepayments exceeding one year in age.

(2) Balance of top 5 prepayments at the end of the period

The total of top5 prepayments in terms of the prepaid entities in the period is RMB12,930,367.61, accounting for 38.06% of the total prepayments at the end of the period.

9. Inventories

Whether the Company needs to comply with disclosure requirements of the real estate industry.

No

(1) Classification of inventories

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value
Raw materials	131,800,215.01		131,800,215.01	124,041,162.65		124,041,162.65
Product in process	120,647,582.06		120,647,582.06	95,231,082.82		95,231,082.82
Finished goods in stock	11,240,201.57		11,240,201.57	8,937,351.29		8,937,351.29
Contract performance costs	90,470,830.76		90,470,830.76	88,165,638.94		88,165,638.94
Goods delivered	23,270,292.17		23,270,292.17	1,675,486.58		1,675,486.58
Development cost	224,969,147.17		224,969,147.17	219,112,637.71		219,112,637.71
Development products	134,821,091.47		134,821,091.47	150,695,868.79		150,695,868.79
Low price consumable	171,286.80		171,286.80	193,880.28		193,880.28
OEM materials	15,096,929.98		15,096,929.98	22,479,288.26		22,479,288.26
Materials in transit	3,136,909.52		3,136,909.52			
Total	755,624,486.51		755,624,486.51	710,532,397.32		710,532,397.32

(2) Balance at the end of the period includes capitalization of borrowing expense

As at December 31, 2023, the amount of the capitalization of borrowing costs in the balance of the end-of-period inventory was RMB5,535,986.70.

(3) Explanation of the current amortization amount of contract performance cost

The current amortization amount of contract performance costs is included in operating costs.

10. Non-current assets due in 1 year

In RMB

Item	Closing balance	Opening balance
Fixed deposit certificate and interest	327,120,273.54	
Total	327,120,273.54	

11. Other current assets

In RMB

Item	Closing balance	Opening balance
Reclassification of VAT debit balance	230,260,579.29	174,264,248.29
Overpayment and prepayment of income tax	2,852,830.41	3,997,524.27
Other prepaid taxes	3,836,971.59	3,348,706.84
Payment to be collected on behalf of suppliers	3,003,841.89	12,015,367.57
Subsidiary IPO intermediary fee		2,064,871.00
Deferred discount expenses and others		5,291,245.63
Pending development products	8,447,099.62	
Total	248,401,322.80	200,981,963.60

12. Investment in other equity tools

In RMB

Project name	Closing balance	Opening balance	Gains recognized in other comprehensive income during the current period	Losses recognized in other comprehensive income during the current period	Accumulated gains recognized in other comprehensive income at the end of the current period	Accumulated losses recognized in other comprehensive income at the end of the current period	Dividend income recognized in the current period	Reason for measurement at fair value with variations accounted into current income account
Unlisted equity instrument investment		11,968,973.86		11,968,973.86		28,562,575.67		
Total		11,968,973.86		11,968,973.86		28,562,575.67		

Sub-disclosure of non-tradable equity instrument investment in the current period

In RMB

Project name	Dividend recognized in	Total gain	Total loss	Amount of other	Reason for measurement at	Reason for transfer of other

	the period			comprehensive income transferred to retained earnings	fair value with variations accounted into current income account	miscellaneous into income
Shenyang Fangda			28,562,575.67			

13. Long-term share equity investment

In RMB

Invested entity	Opening book value	Beginning balance of impairment provisions	Change (+,-)								Closing book value	Balance of impairment provision at the end of the period
			Increased investment	Decreased investment	Investment gain and loss recognized using the equity method	Other miscellaneous income adjustment	Other equity change	Cash dividend or profit announced	Impairment provision	Others		
1. Joint venture												
2. Associate												
Ganshang Joint Investment	2,385,495.90	0.00			16,569.82						2,402,065.72	
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	52,583,546.24	0.00			-228,594.56						52,354,951.68	
Subtotal	54,969,042.14				-212,024.74						54,757,017.40	
Total	54,969,042.14				-212,024.74						54,757,017.40	

The recoverable amount is determined as the net amount after deducting the disposal costs from the fair value.

□ Applicable ☑ Inapplicable

The recoverable amount is determined based on the present value of estimated future cash flows.

□ Applicable ☑ Inapplicable

14. Other non-current financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account	7,455,617.17	7,507,434.68
Total	7,455,617.17	7,507,434.68

15. Investment real estates

(1) Investment real estate measured at costs

☑ Applicable □ Inapplicable

Item	Houses & buildings	Total
I. Book value		
1. Opening balance	17,388,824.39	17,388,824.39
2. Increase in this period		
3. Decrease in this period		
4. Closing balance	17,388,824.39	17,388,824.39
II. Accumulative depreciation and amortization		
1. Opening balance	7,702,419.40	7,702,419.40
2. Increase in this period	449,408.04	449,408.04
(1) Provision or amortization	449,408.04	449,408.04
3. Decrease in this period		
4. Closing balance	8,151,827.44	8,151,827.44
III. Impairment provision		
1. Opening balance		
2. Increase in this period		
3. Decrease in this period		
4. Closing balance		
IV. Book value		
1. Closing book value	9,236,996.95	9,236,996.95
2. Opening book value	9,686,404.99	9,686,404.99

(2) Investment real estate measured at fair value

☑ Applicable □ Inapplicable

In RMB

Item	Houses & buildings	Total
I. Opening balance	5,750,831,172.12	5,750,831,172.12
II. Change in this period		
Other increases	26,469,297.95	26,469,297.95

Less: other transfer-out	1,245,597.50	1,245,597.50
Change in fair value	28,482,701.26	28,482,701.26
III. Closing balance	5,747,572,171.31	5,747,572,171.31

(3) Investment real estate without ownership certificate

In RMB

Item	Book value	Reason
11 units at Lanzhou Railway - City Dawn	13,037,841.00	Relevant mapping and acceptance procedures are underway

Others:

① The main basis for determining the fair value of investment properties is the "Real Estate Valuation Report" issued by Shenzhen Guoyu Assets Evaluation Real Estate Land Valuation Consultants Co., Ltd, with the reference numbers "Shen Guoyu Pingzi [2024]01005-1", "Shen Guoyu Pingzi [2024]01005-2", "Shen Guoyu Pingzi [2024]01004-1", "Shen Guoyu Pingzi [2024]01004-2", "Shen Guoyu Pingzi [2024]01004-3", "Shen Guoyu Pingzi [2024]01004-4", "Shen Guoyu Pingzi [2024]01004-5", "Shen Guoyu Pingzi [2024]01004-6", and "Shen Guoyu Pingzi [2024]01003".

② A portion of the fair value of Fangda Town's real estate, amounting to RMB1,943,287,098.56, has been mortgaged to China Construction Bank Shenzhen Huaqiaocheng Branch as collateral for a loan. The loan has not yet reached its maturity and the mortgage has not been released.

③ The increase in other items during the current period is due to the receipt of debt settlement properties by subsidiary companies, Fangda Jianke Co., Ltd., and Zhiyuan Technology Co., Ltd.

④ Other transfers out during the period represent a decrease of RMB1,245,597.50 in the Company's original provisional estimate due to settlement adjustments.

16. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	620,828,178.38	646,812,853.36
Total	620,828,178.38	646,812,853.36

(1) Fixed assets

In RMB

Item	Houses & buildings	Mechanical equipment	Transportation facilities	Electronics and other devices	PV power plants	Total
I. Original book value:						
1. Opening	607,215,899.93	130,812,618.16	20,276,104.91	51,941,275.99	129,596,434.84	939,842,333.83

balance						
2. Increase in this period	97,460.60	3,982,693.91	752,071.69	1,516,205.29		6,348,431.49
(1) Purchase		3,982,693.91	747,803.88	1,343,572.04		6,074,069.83
2. Others	97,460.60		4,267.81	172,633.25		274,361.66
3. Decrease in this period	2,731,580.04	1,615,469.05	471,840.00	845,442.92		5,664,332.01
(1) Disposal or retirement		1,615,469.05	471,840.00	841,559.42		2,928,868.47
2. Others	2,731,580.04			3,883.50		2,735,463.54
4. Closing balance	604,581,780.49	133,179,843.02	20,556,336.60	52,612,038.36	129,596,434.84	940,526,433.31
II. Accumulative depreciation						
1. Opening balance	112,024,116.79	93,123,314.47	14,710,157.32	32,421,186.05	40,654,236.34	292,933,010.97
2. Increase in this period	15,246,782.27	4,016,601.32	1,046,060.14	2,732,373.92	6,148,440.12	29,190,257.77
(1) Provision	15,246,782.27	4,016,601.32	1,043,286.68	2,731,781.57	6,148,440.12	29,186,891.96
(2) Other increases			2,773.46	592.35		3,365.81
3. Decrease in this period		1,385,109.27	423,214.20	713,159.84		2,521,483.31
(1) Disposal or retirement		1,385,109.27	423,214.20	713,159.84		2,521,483.31
4. Closing balance	127,270,899.06	95,754,806.52	15,333,003.26	34,440,400.13	46,802,676.46	319,601,785.43
III. Impairment provision						
1. Opening balance		79,843.20		16,626.30		96,469.50
2. Increase in this period						
3. Decrease in this period						
4. Closing balance		79,843.20		16,626.30		96,469.50
IV. Book value						
1. Closing book value	477,310,881.43	37,345,193.30	5,223,333.34	18,155,011.93	82,793,758.38	620,828,178.38
2. Opening book value	495,191,783.14	37,609,460.49	5,565,947.59	19,503,463.64	88,942,198.50	646,812,853.36

(2) Fixed assets without ownership certificate

In RMB

Item	Book value	Reason
Yuehai Office Building C 502	112,420.05	Historical reasons

Others:

a. As of December 31, 2023, the net value of RMB43,108,073.24 of the Company's buildings and structures had been mortgaged to China Construction Bank Shenzhen Overseas Chinese Town Branch for loan.

b. The decrease of RMB2,731,580.04 in other of buildings and structures in the change of the current period was due to the settlement adjustment of the original provisional valuation amount.

17. Construction in process

In RMB

Item	Closing balance	Opening balance
Construction in process	109,414,347.33	
Total	109,414,347.33	

(1) Construction in progress

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Fangda (Ganzhou) Headquarters Base	109,181,428.63		109,181,428.63			
Fangda Building monitoring system remodeling	232,918.70		232,918.70			
Total	109,414,347.33		109,414,347.33			

(2) Changes in major construction in process in this period

In RMB

Project name	Budget	Opening balance	Increase in this period	Amount transfer-in to fixed assets in this period	Other decrease in this period	Closing balance	Proportion of accumulative engineering investment in the budget	Project progress	Accumulative capitalized interest	Including: capitalized interest for the current period	Interest capitalization rate	Capital source
Fangda (Ganzhou) Headquarters Base	331,540,000.00		109,181,428.63			109,181,428.63	32.93%	Construction in process				Own funds and loans from financial institut

												ions
Total	331,540,000.00		109,181,428.63			109,181,428.63						

(3) Provision for impairment of construction in progress during the current period

As of December 31, 2023, there was no indication of impairment for construction in progress.

(4) Impairment testing of construction in progress

□ Applicable ☑ Inapplicable

18. Use right assets

(1) Right-to-use assets

In RMB

Item	Houses & buildings	Transportation facilities	Total
I. Book value			
1. Opening balance	37,907,485.94	1,319,251.12	39,226,737.06
2. Increase in this period	16,553,518.03	1,348,069.46	17,901,587.49
3. Decrease in this period	14,666,514.94	707,871.75	15,374,386.69
4. Closing balance	39,794,489.03	1,959,448.83	41,753,937.86
II. Accumulative depreciation			
1. Opening balance	18,558,917.17	1,218,126.49	19,777,043.66
2. Increase in this period	13,813,234.84	663,675.47	14,476,910.31
(1) Provision	13,813,234.84	663,675.47	14,476,910.31
3. Decrease in this period	12,568,973.94	707,871.75	13,276,845.69
(1) Disposal	12,568,973.94	707,871.75	13,276,845.69
4. Closing balance	19,803,178.07	1,173,930.21	20,977,108.28
III. Impairment provision			
1. Opening balance			
2. Increase in this period			
3. Decrease in this period			
4. Closing balance			
IV. Book value			
1. Closing book value	19,991,310.96	785,518.62	20,776,829.58
2. Opening book value	19,348,568.77	101,124.63	19,449,693.40

(2) Impairment testing of right-of-use assets

□ Applicable ☑ Inapplicable

As of December 31, 2023, there was no indication of impairment of the Company's right-of-use assets.

19. Intangible assets

(1) Intangible assets

In RMB

Item	Land using right	Trademarks, patents and know-how	Software	Total
I. Book value				
1. Opening balance	80,404,737.13	9,013,772.69	23,529,100.66	112,947,610.48
2. Increase in this period	72,510,099.75	3,600.00	417,297.77	72,930,997.52
(1) Purchase	72,510,099.75	3,600.00	417,297.77	72,930,997.52
3. Decrease in this period			710,172.55	710,172.55
(1) Disposal			710,172.55	710,172.55
4. Closing balance	152,914,836.88	9,017,372.69	23,236,225.88	185,168,435.45
II. Accumulative amortization				
1. Opening balance	19,666,143.94	8,799,771.79	11,802,250.49	40,268,166.22
2. Increase in this period	3,414,577.87	119,253.74	2,001,091.86	5,534,923.47
(1) Provision	3,414,577.87	119,253.74	2,001,091.86	5,534,923.47
3. Decrease in this period			707,864.12	707,864.12
(1) Disposal			707,864.12	707,864.12
4. Closing balance	23,080,721.81	8,919,025.53	13,095,478.23	45,095,225.57
III. Impairment provision				
1. Opening balance				
2. Increase in this period				
3. Decrease in this period				
4. Closing balance				
IV. Book value				
1. Closing book value	129,834,115.07	98,347.16	10,140,747.65	140,073,209.88
2. Opening book value	60,738,593.19	214,000.90	11,726,850.17	72,679,444.26

(2) Failure to obtain the land use right certificates

At the end of the period, the Company had no land use right without the property right certificate.

(3) Impairment test of intangible assets

□ Applicable ☑ Inapplicable

20. Long-term amortizable expenses

In RMB

Item	Opening	Increase in this	Amortized	Other	Closing

	balance	period	amount in this period	decrease	balance
Xuanfeng Chayuan village and Zhuyuan village land transfer compensation	972,425.54		56,101.56		916,323.98
Membership fee	704,999.96	20,000.00	210,000.04		514,999.92
Plant ground reconstruction project	232,431.71		87,162.00		145,269.71
High voltage network access fee of East China base	487,104.91		307,645.32		179,459.59
Sporadic decoration and renovation costs of Fangda Town	3,915,832.11	896,418.85	1,796,257.18		3,015,993.78
Sporadic decoration and renovation costs of Fangda Center	1,069,259.56	7,899.13	377,947.07	15,198.15	684,013.47
Others	2,362,607.22	271,119.47	1,340,473.10		1,293,253.59
Total	9,744,661.01	1,195,437.45	4,175,586.27	15,198.15	6,749,314.04

21. Differed income tax assets and differed income tax liabilities

(1) Non-deducted deferred income tax assets

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	301,423,517.61	56,628,793.35	295,671,508.97	54,047,399.06
Unrealized profit of internal transactions	281,819,399.92	55,869,584.56	281,819,399.92	55,869,584.56
Deductible loss	130,536,168.91	31,566,961.10	160,102,622.27	32,419,194.27
Credit impairment provision	273,785,349.40	42,172,039.47	249,948,173.84	39,913,829.96
Unrealizable gross profit	111,802,930.49	27,117,416.46	112,847,972.30	27,307,162.73
Anticipated liabilities	4,842,411.47	726,361.72	3,372,553.84	505,883.08
Deferred earning	3,922,402.14	744,121.83	3,610,875.25	558,241.49
Change in fair value	9,127,633.52	1,369,145.03	5,433,747.37	815,062.11
Lease liabilities	20,573,028.70	4,335,420.74	18,648,903.61	3,200,064.19
Accrued and unpaid land tax	16,543,205.26	4,135,801.32	20,133,488.43	5,033,372.11
Reserved expense	36,216,407.02	5,434,461.06	22,640,219.20	3,396,032.88
Total	1,190,592,454.44	230,100,106.64	1,174,229,465.00	223,065,826.44

(2) Non-deducted deferred income tax liabilities

In RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Change in fair value	4,161,500,052.20	1,040,357,639.32	4,188,015,507.12	1,046,924,956.27

Acquire premium to form inventory	1,535,605.47	383,901.37	1,535,605.47	383,901.37
Use right assets	20,776,829.58	4,110,042.13	19,449,693.40	3,004,849.56
Estimated gross margin when Fangda Town records income, but does not reach the taxable income level	29,608,338.87	7,402,084.72	38,783,686.70	9,695,921.68
Rental income	28,537,396.58	7,134,349.15	32,671,966.71	8,167,991.68
Total	4,241,958,222.70	1,059,388,016.69	4,280,456,459.40	1,068,177,620.56

(3) Net deferred income tax assets or liabilities listed

In RMB

Item	Deferred income tax assets and liabilities at the end of the period	Offset balance of deferred income tax assets or liabilities after offsetting	Deferred income tax assets and liabilities at the beginning of the period	Offset balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	47,241,557.57	182,858,549.07	3,004,849.56	220,060,976.88
Deferred income tax liabilities	47,241,557.57	1,012,146,459.12	3,004,849.56	1,065,172,771.00

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary difference	462,778.59	146,089.64
Deductible loss	17,530,215.40	16,177,447.74
Total	17,992,993.99	16,323,537.38

(5) Deductible losses of the un-recognized deferred income tax asset will expire in the following years

In RMB

Year	Closing amount	Opening amount	Remarks
2023		4,575,983.46	
2024	1,276,235.76	1,276,235.76	
2025	213,129.83	213,129.83	
2026	2,355,213.17	2,355,213.17	
2027	3,698,098.44	7,756,885.52	
2028 and later	9,987,538.20		The deductible losses are mainly from Hong Kong companies, and according to Hong Kong tax policy, the deductible losses can be used in perpetuity.
Total	17,530,215.40	16,177,447.74	

22. Other non-current assets

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value

Contract assets	69,887,873.01	5,127,003.43	64,760,869.58	105,183,978.15	5,709,693.38	99,474,284.77
Prepaid house and equipment amount	20,034,901.32	0.00	20,034,901.32	73,077,190.00	0.00	73,077,190.00
Certificate of deposit	0.00	0.00	0.00	316,929,580.18	0.00	316,929,580.18
Others	2,004,000.00	0.00	2,004,000.00	2,005,361.70	0.00	2,005,361.70
Total	91,926,774.33	5,127,003.43	86,799,770.90	497,196,110.03	5,709,693.38	491,486,416.65

23. Assets with restricted ownership or use rights

In RMB

Item	Closing balance				Beginning of the period			
	Remaining book value	Book value	Type of restriction	Restricted situation	Remaining book value	Book value	Type of restriction	Restricted situation
Monetary capital	645,489,997.82	645,489,997.82	For pledge or restricted use	Various deposits	455,076,287.44	455,076,287.44	For pledge or restricted use	Various deposits
Notes receivable	27,937,899.17	27,843,496.17	For endorsement or discounting	Bills endorsed or discounted but not yet due	24,546,342.15	24,546,342.15	For endorsement or discounting	Bills endorsed or discounted but not yet due
Account receivable	39,392,140.71	38,094,032.45	For pledge	Loan by pledge	43,233,010.91	42,800,680.80	For pledge	Loan by pledge
Non-current assets due in 1 year	327,120,273.54	327,120,273.54	For pledge	Loan by pledge				
Other non-current assets					316,929,580.18	316,929,580.18	For pledge	Loan by pledge
Fixed assets	45,915,995.84	43,108,073.24	Used as collateral	Loan by pledge	45,918,731.66	44,751,777.53	Used as collateral	Loan by pledge
Investment real estate	1,943,287,098.56	1,943,287,098.56	Used as collateral	Loan by pledge	3,293,733,474.51	3,293,733,474.51	Used as collateral	Loan by pledge
Equity pledge	200,000,000.00	200,000,000.00	For pledge	100% stake in Fangda Property Development held by the Company	200,000,000.00	200,000,000.00	For pledge	100% stake in Fangda Property Development held by the Company
Total	3,229,143,405.64	3,224,942,971.78			4,379,437,426.85	4,377,838,142.61		

24. Short-term borrowings

(1) Classification of short-term borrowings

In RMB

Item	Closing balance	Opening balance
Guarantee loan	711,492,580.56	120,136,861.08
Credit borrow	300,270,416.67	300,247,500.00
Guarantee and pledge loan	1,184,641,572.44	837,950,574.17
Other loans	11,650,469.54	59,903,587.53
Total	2,208,055,039.21	1,318,238,522.78

Notes to classification of short-term borrowings

Among the guaranteed loans at the end of the period, the amount of RMB671,657,386.11 was guaranteed by the company for the subsidiary, Fangda Jianke Co., Ltd; The amount of RMB30,025,666.67 is guaranteed by the company for the subsidiary Fangda Zhiyuan Technology Co., Ltd; The amount of RMB9,809,527.78 is guaranteed by the company for its subsidiary Yunzhu Technology Co., Ltd. At the end of the period, an amount of RMB40,000,000.00 is guaranteed and pledged by the Company and Shenzhen Hi-tech Investment & Financing Guarantee Co., Ltd. to provide guarantee for the subsidiary Fangda Jianke Co., Ltd., with the pledge of intellectual property rights "Unitized Curtain Wall". Additionally, an amount of RMB1,144,641,572.44 is guaranteed by the Company for the subsidiary Fangda Jianke Co., Ltd., with the pledge of fixed deposits or margin held by the subsidiary.

25. Derivative financial liabilities

In RMB

Item	Closing balance	Opening balance
Forward foreign exchange contract		293,400.00
Total		293,400.00

26. Notes payable

In RMB

Type	Closing balance	Opening balance
Commercial acceptance	8,781,696.46	44,531,921.12
Bank acceptance	860,105,250.33	690,358,287.44
Total	868,886,946.79	734,890,208.56

At the end of the period, the total amount of bills payable due and unpaid was RMB229,240.40, all of which were commercial acceptance bills. As a result of the supplier's failure to apply for payment to the bank in time, the payment had been fully paid as of the reporting date.

27. Account payable

(1) Account payable

In RMB

Item	Closing balance	Opening balance
Account repayable and engineering repayable	1,374,752,105.25	1,259,574,096.29
Payable installation and implementation fees	481,683,031.93	394,228,364.88
Construction payable	86,851,302.81	44,523,769.88
Others	29,007,342.28	19,710,144.73
Total	1,972,293,782.27	1,718,036,375.78

(2) Significant accounts payable older than one year or past due

In RMB

Item	Closing balance	Reason
Supplier 1	14,204,481.52	Not mature
Total	14,204,481.52	

28. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	117,581,764.15	113,425,377.70
Total	117,581,764.15	113,425,377.70

(1) Other payables

1) Other payables presented by nature

In RMB

Item	Closing balance	Opening balance
Performance and quality deposit	40,096,446.17	44,484,884.33
Deposit	24,659,670.94	19,901,002.35
Reserved expense	4,785,143.40	5,871,887.95
Others	48,040,503.64	43,167,603.07
Total	117,581,764.15	113,425,377.70

(2) Significant other accounts payable older than 1 year or past due

In RMB

Item	Closing balance	Reason
Shenzhen Yikang Real Estate Co. Ltd.	26,102,009.60	Payment paid as agreed in the contract
Total	26,102,009.60	

(3) Other payables summarized by the top five in terms of closing balance by counterparties

The aggregate amount of the top five other payables with closing balances summarized by counterparties owed during the period was RMB37,686,295.81, accounting for 32.05% of the total closing balances.

29. Prepayment received

(1) Prepayment received

In RMB

Item	Closing balance	Opening balance
Rent received in advance	1,432,885.03	1,439,653.84
Total	1,432,885.03	1,439,653.84

30. Contract liabilities

In RMB

Item	Closing balance	Opening balance
Project funds collected in advance	175,345,246.29	194,354,649.37
Material loan	1,261,218.35	12,114,464.00
Real estate sales payment	21,432,889.85	586,105.50
Others	124,854.98	938,452.68
Total	198,164,209.47	207,993,671.55

31. Employees' wage payable

(1) Employees' wage payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	66,789,434.45	445,164,261.99	438,396,029.25	73,557,667.19
2. Retirement pension program-defined contribution plan	314,429.46	23,759,758.56	23,692,792.01	381,396.01
3. Dismiss compensation	47,000.00	1,225,484.46	1,148,435.40	124,049.06
Total	67,150,863.91	470,149,505.01	463,237,256.66	74,063,112.26

(2) Short-term remuneration

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	64,995,965.84	408,207,155.09	401,194,606.09	72,008,514.84
2. Employee welfare	475,904.12	13,692,656.00	13,846,881.96	321,678.16
3. Social insurance	332,303.60	11,682,525.07	11,872,326.57	142,502.10
Including: medical insurance	279,363.18	8,293,844.73	8,455,123.93	118,083.98
Labor injury insurance	6,383.71	840,926.36	841,775.68	5,534.39
Breeding insurance	46,556.71	1,081,849.98	1,109,522.96	18,883.73

Medical insurance		217,304.00	217,304.00	
Unemployment insurance		1,248,600.00	1,248,600.00	
4. Housing fund	105,608.96	10,092,056.42	10,054,662.05	143,003.33
5. Labor union budget and staff education fund	544,359.10	1,425,434.45	1,427,552.58	542,240.97
6. Short-term paid leave	335,292.83	64,434.96		399,727.79
Total	66,789,434.45	445,164,261.99	438,396,029.25	73,557,667.19

(3) Defined contribution plan

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension	306,672.38	22,952,547.52	22,885,406.73	373,813.17
2. Unemployment insurance	7,757.08	807,211.04	807,385.28	7,582.84
Total	314,429.46	23,759,758.56	23,692,792.01	381,396.01

32. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	5,063,851.12	14,657,864.98
Enterprise income tax	13,798,160.21	28,092,096.58
Personal income tax	1,750,380.58	1,663,123.30
City maintenance and construction tax	636,181.87	1,651,960.05
Land using tax	608,959.21	256,490.15
Property tax	2,656,539.62	1,072,014.83
Education surtax	273,885.15	805,376.76
Local education surtax	182,589.47	397,447.79
Consumption service tax	10,359.29	680,127.01
Land VAT	16,543,205.26	36,201,588.58
Others	850,956.77	349,241.06
Total	42,375,068.55	85,827,331.09

33. Non-current liabilities due within 1 year

In RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	914,958.90	72,037,200.00
Long-term payables due within 1 year	49,323,018.90	
Lease liabilities due within one year	13,897,158.66	11,741,447.06
Total	64,135,136.46	83,778,647.06

34. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Unterminated notes receivable	27,937,899.17	20,093,677.84

Substituted money on VAT	25,586,755.88	28,039,520.65
Total	53,524,655.05	48,133,198.49

35. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

Item	Closing balance	Opening balance
Guarantee and mortgage		444,204,672.22
Guarantee, mortgage and pledge loan	660,914,958.90	891,332,527.78
Less: Long-term loans due within 1 year	914,958.90	72,037,200.00
Total	660,000,000.00	1,263,500,000.00

Notes to classification of long-term borrowings:

(1) The pledges in the above guarantees, mortgages and pledges of borrowings are pledges of the Company's 100% equity interest in its subsidiary, Fangda Real Estate, which is directly and indirectly held by the Company, and the rent receivables from its self-owned rental properties in Fangda Town.

(2) The interest rate range for long-term borrowings is 3% to 6%.

36. Lease liabilities

In RMB

Item	Closing balance	Opening balance
Lease payments	23,255,219.85	19,363,493.20
Less: unrecognized financing expenses	2,682,191.15	714,589.59
Less: lease liabilities due within one year	13,897,158.66	11,741,447.06
Total	6,675,870.04	6,907,456.55

37. Long-term payables

In RMB

Item	Closing balance	Opening balance
Long-term payable	48,400,000.00	197,640,219.18
Total	48,400,000.00	197,640,219.18

(1) Long term accounts payable listed by nature

In RMB

Item	Closing balance	Opening balance
Equity repurchase payment	48,400,000.00	197,640,219.18

38. Anticipated liabilities

In RMB

Item	Closing balance	Opening balance	Reason
Loss contract to be executed	193,502.52	264,031.97	

Maintenance fee	4,648,908.95	3,108,521.87	Product quality warranty
Total	4,842,411.47	3,372,553.84	

39. Deferred earning

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	8,999,880.44	550,000.00	571,201.72	8,978,678.72	See the following table
Total	8,999,880.44	550,000.00	571,201.72	8,978,678.72	--

Items involving government subsidies:

Item	December 31, 2022	Amount of new subsidy	Other misc. gains recorded in this period	December 31, 2023	Related to assets/earning
Railway transport screen door controlling system and information transmission technology	20,940.89		17,482.62	3,458.27	Assets-related
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,452,381.50		57,142.80	1,395,238.70	Assets-related
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	318,750.29		24,999.96	293,750.33	Assets-related
Subsidized land transfer	166,101.95		3,725.64	162,376.31	Assets-related
Special subsidy for industrial transformation, upgrading and development	686,666.61	550,000.00	85,978.30	1,150,688.31	Assets-related
Enterprise informationization subsidy project of Shenzhen Small and Medium Enterprise Service Agency	324,000.00		48,000.00	276,000.00	Assets-related
National Industry Revitalization and Technology Renovation Project fund	5,070,254.90		307,728.60	4,762,526.30	Assets-related
Subsidy for new plant	960,784.30		26,143.80	934,640.50	Assets-related
Total	8,999,880.44	550,000.00	571,201.72	8,978,678.72	

40. Capital share

In RMB

	Opening balance	Change (+,-)					Closing balance
		Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	
Total of capital shares	1,073,874,227.00						1,073,874,227.00

41. Capital reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	10,005,491.05			10,005,491.05
Other capital reserves	1,454,097.35			1,454,097.35
Total	11,459,588.40			11,459,588.40

42. Other miscellaneous income

In RMB

Item	Opening balance	Amount occurred in the current period						Closing balance
		Amount before income tax	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: Income tax expenses	After-tax amount attributed to the parent	After-tax amount attributed to minority shareholders	
I. Other comprehensive income that will not be subsequently reclassified into profit and loss	-16,224,478.87	-11,968,973.86			-2,992,243.46	-8,976,730.40		-25,201,209.27
Fair value change of investment in other equity tools	-16,224,478.87	-11,968,973.86			-2,992,243.46	-8,976,730.40		-25,201,209.27
2. Other misc. incomes that will be re-classified into gain and loss	48,211,195.66	73,909.20			-48,310.24	111,884.40	10,335.04	48,323,080.06
Cash flow hedge reserve	448,562.20	-322,068.28			-48,310.24	-277,683.58	3,925.54	170,878.62
Translation difference of foreign exchange statement	-152,861.04	395,977.48				389,567.98	6,409.50	236,706.94
Investment	47,915,494.							47,915,494.

real estate measured at fair value	50							50
Other miscellaneous income	31,986,716.79	-11,895,064.66			-3,040,553.70	-8,864,846.00	10,335.04	23,121,870.79

43. Surplus reserves

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	79,324,940.43			79,324,940.43
Total	79,324,940.43			79,324,940.43

44. Retained profit

In RMB

Item	Current period	Last period
Adjustment on retained profit of previous period	4,553,295,402.30	4,324,055,259.33
Retained profit adjusted at beginning of year	4,553,295,402.30	4,324,055,259.33
Plus: Net profit attributable to owners of the parent	272,758,249.50	282,933,854.32
Common share dividend payable	53,693,711.35	53,693,711.35
Closing retained profit	4,772,359,940.45	4,553,295,402.30

45. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	4,118,334,153.38	3,381,962,336.08	3,664,169,293.83	2,880,210,673.00
Other businesses	173,870,562.63	22,680,137.25	182,806,654.61	37,543,294.52
Total	4,292,204,716.01	3,404,642,473.33	3,846,975,948.44	2,917,753,967.52

Is the lower of the net profit before and after deducting the non recurring profit and loss negative

□ Yes ☑ No

Breakdown of operating revenues and operating costs:

In RMB

Contract classification	Segment 1- curtain wall		Segment 2 - rail transit division		Segment 3- Real estate		Segment 4- New energy		Segment 5- Others		Total	
	Turnover	Operating cost	Turnover	Operating cost	Turnover	Operating cost	Turnover	Operating cost	Turnover	Operating cost	Turnover	Operating cost
By busine	3,477,209,98	2,935,675,94	558,421,443.	405,548,804.	222,262,890.	55,252,159.9	19,389,107.6	8,139,275.89	14,921,292.0	26,289.08	4,292,204,71	3,404,642,47

ss type	2.02	4.04	33	42	97	0	3		6		6.01	3.33
Including:												
Curtain wall system and materials	3,477,209,982.02	2,935,675,944.04									3,477,209,982.02	2,935,675,944.04
Subway screen door and service			558,421,443.33	405,548,804.42							558,421,443.33	405,548,804.42
Real estate rental and sales and property services					222,262,890.97	55,252,159.90					222,262,890.97	55,252,159.90
PV power generation products							19,389,107.63	8,139,275.89			19,389,107.63	8,139,275.89
Others									14,921,292.06	26,289.08	14,921,292.06	26,289.08
By operating region	3,477,209,982.02	2,935,675,944.04	558,421,443.33	405,548,804.42	222,262,890.97	55,252,159.90	19,389,107.63	8,139,275.89	14,921,292.06	26,289.08	4,292,204,716.01	3,404,642,473.33
Including:												
In China	3,355,040,066.60	2,855,690,388.16	274,603,521.70	216,354,518.18	222,262,890.97	55,252,159.90	19,389,107.63	8,139,275.89	14,921,292.06	26,289.08	3,886,216,878.96	3,135,462,631.21
Out of China	122,169,915.42	79,985,555.88	283,817,921.63	189,194,286.24							405,987,837.05	269,179,842.12

(1) The information of operating revenue broken down by revenue recognition time is as follows:

Item	2023	2022
Revenue recognized at a certain point in time	422,284,637.84	402,720,318.63
Revenue recognized over a period of time	3,869,920,078.17	3,444,255,629.81

Total	4,292,204,716.01	3,846,975,948.44

(2) Performance obligation

For curtain wall materials, real estate and other commodity sales transactions, the Company completes the performance obligations when the customer obtains the control of the relevant commodities; for providing building curtain wall, Metro screen door design, production and installation and other service transactions, the Company confirms the completed performance obligations according to the performance progress during the whole service period. The contract price of the Company is usually due within one year, and there is no significant financing component.

(3) Information related to remaining performance obligations

As of December 31, 2023, the Company's remaining contractual obligations are mainly related to the Company's engineering contracts, and the remaining contractual obligations are expected to be recognized as revenue according to the performance progress in the future performance period of the corresponding engineering contracts.

The amount of revenue corresponding to the performance obligations that have been signed, but not yet performed or not yet performed at the end of the reporting period is RMB8,613,273,704.81, of which RMB4,021,283,886.15 yuan is expected to be recognized in 2024, and RMB2,992,505,324.28 is expected to be recognized in 2025, RMB1,599,484,494.38 is expected to be recognized in 2026 and beyond.

46. Taxes and surcharges

In RMB

Item	Amount occurred in the current period	Occurred in previous period
City maintenance and construction tax	7,636,023.14	7,679,241.19
Education surtax	5,578,210.15	5,585,461.79
Property tax	19,326,390.99	12,837,232.82
Land using tax	1,939,918.65	1,365,653.05
Stamp tax	4,994,254.63	2,237,929.20
Land VAT	792,772.36	37,137,187.96
Others	86,827.30	110,732.47
Total	40,354,397.22	66,953,438.48

47. Management expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	114,574,462.83	111,950,198.78
Maintenance costs	169,712.22	286,605.47
Agencies	14,255,903.98	8,669,931.10
Depreciation and amortization	15,223,179.96	14,008,652.97
Office expense	5,653,172.50	3,458,124.24
Entertainment expense	6,244,445.47	5,239,230.46
Rental	2,693,465.85	2,162,427.23
Lawsuit	2,349,777.80	812,611.39
Travel expense	3,709,314.11	1,856,940.17
Property management fee	910,548.22	1,298,685.56

Water and electricity	765,449.98	850,541.99
Material consumption	226,667.84	431,080.40
Others	7,898,655.05	6,113,309.07
Total	174,674,755.81	157,138,338.83

48. Sales expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	28,836,318.58	27,481,424.15
Sales agency fee	1,614,681.20	7,583,116.62
Entertainment expense	6,830,220.67	4,254,479.42
Travel expense	3,382,495.03	1,280,007.65
Advertisement and promotion fee	2,171,392.31	2,044,298.44
Rental	232,462.72	325,598.09
Depreciation and amortization	780,990.05	708,646.17
Office costs	650,584.73	704,950.67
Material consumption	1,260,859.63	456,870.79
Warranty expense	7,479,549.47	6,721,123.19
Others	5,249,160.37	3,409,647.82
Total	58,488,714.76	54,970,163.01

49. R&D cost

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	103,430,062.05	87,517,101.66
Material costs	55,562,482.97	54,424,197.58
Agencies	8,698,692.37	9,786,533.05
Depreciation costs	2,081,830.87	1,475,184.54
Amortization of intangible assets	1,024,410.27	1,084,611.53
Travel expense	703,972.61	413,442.72
Rental	501,204.01	1,302.17
Others	8,068,146.10	7,110,539.77
Total	180,070,801.25	161,812,913.02

50. Financial expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest expense	87,186,232.75	100,581,343.99
Including: interest expense of lease liabilities	873,165.18	1,188,864.62
Less: discount government subsidies	-131,680.00	308,700.00
Less: Interest income	29,144,115.88	23,892,574.84
Net interest expenditure	58,173,796.87	76,380,069.15
Exchange net loss	-8,640,174.72	-6,670,099.09
Discount expense	18,204,015.63	23,001,819.09
Commission charges and others	5,089,307.07	3,990,006.19
Total	72,826,944.85	96,701,795.34

51. Other gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Government subsidies related to deferred income (related to assets)	571,201.72	566,645.16
Government subsidies directly included in current profits and losses (related to income)	12,331,106.46	13,047,310.70
Other items related to daily activities and included in other income	4,211,100.08	295,628.71
Total	17,113,408.26	13,909,584.57

52. Income from fair value fluctuation

In RMB

Source of income from fluctuation of fair value	Amount occurred in the current period	Occurred in previous period
Investment real estate measured at fair value	-28,482,701.26	-10,095,973.89
Other non-current financial assets	-51,817.51	-17,973.56
Total	-28,534,518.77	-10,113,947.45

53. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-212,024.74	-249,904.00
Investment income of trading financial assets during the holding period	-50,000.00	87,532.09
Investment income from disposal of trading financial assets	611,295.00	4,596,589.23
Financial assets derecognised as a result of amortized cost	-4,656,380.30	-3,778,070.96
Income from derecognition of other financial assets measured at fair value	-255,024.54	-150,858.55
Interest income from external financial assistance		5,680,666.66
Total	-4,562,134.58	6,185,954.47

54. Credit impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Bad debt loss of notes receivable	1,874,688.90	304,547.33
Bad debt loss of account receivable	-40,828,905.43	-34,761,191.07
Bad debt loss of other receivables	3,902,552.21	-179,081.17

Total	-35,051,664.32	-34,635,724.91

55. Assets impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Contract asset impairment loss	6,020,287.93	-35,575,418.55
Total	6,020,287.93	-35,575,418.55

56. Assets disposal gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Disposition not classified as possession of fixed assets to be sold, construction in progress, productive biological assets and intangible assets	58,292.27	-1,421,880.09
Including: Fixed assets	58,292.27	-1,430,901.99
Intangible assets		9,021.90
Disposal of use right assets	323,279.85	
Total	381,572.12	-1,421,880.09

57. Non-business income

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Penalty income	159,340.58	315,404.30	159,340.58
Compensation received	1,906,958.87	576,478.89	1,906,958.87
Others	572,991.76	511,504.70	572,991.76
Total	2,639,291.21	1,403,387.89	2,639,291.21

58. Non-business expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Donation	356,897.00	3,173,265.20	356,897.00
Loss from retirement os damaged non-current assets	143,132.97	279,036.49	143,132.97
Penalty and overdue fine	653,180.55	282,440.37	653,180.55
Others	223,265.91	433,216.03	223,265.91
Total	1,376,476.43	4,167,958.09	1,376,476.43

59. Income tax expenses

(1) Details about income tax expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Income tax expenses in this period	53,600,826.25	47,007,994.88
Deferred income tax expenses	-12,783,330.37	-5,933,164.84
Total	40,817,495.88	41,074,830.04

(2) Adjustment process of accounting profit and income tax expense

In RMB

Item	Amount occurred in the current period
Total profit	317,776,394.21
Income tax expenses calculated based on the legal (or applicable) tax rates	79,444,098.55
Impacts of different tax rates applicable for some subsidiaries	-20,500,109.26
Impacts of income tax before adjustment	8,567,271.66
Impacts of non-deductible cost, expense and loss	2,835,390.14
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	759,786.07
Additional deduction of R&D expense	-26,204,288.42
Profit and loss of associates and joint ventures calculated using the equity method	53,006.18
Effect of tax rate change on deferred income tax	-4,137,659.04
Income tax expenses	40,817,495.88

60. Other miscellaneous income

See Note 42 Other comprehensive income in this section for details.

61. Notes to the cash flow statement

(1) Cash inflow related to operation

Other cash received from business operations

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest income	15,162,422.54	10,526,773.48
Subsidy income	9,796,358.90	8,523,267.80
Retrieving of bidding deposits	40,653,182.62	41,910,159.36
Other operating accounts	40,774,700.30	8,832,476.97
Total	106,386,664.36	69,792,677.61

Other cash paid for business operations

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Oocket expenses	140,382,530.54	129,019,737.46
Bidding deposit paid	30,514,126.58	41,669,236.99
Other trades	38,434,058.15	31,243,643.80
Net draft deposit net paid	58,931,587.09	16,983,599.71
Total	268,262,302.36	218,916,217.96

(2) Cash related to investment activities

Other cash paid for investment

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Investment commission	50,000.00	49,940.00
Total	50,000.00	49,940.00

(3) Cash related to financing

Other cash paid related to financing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Financing fee	1,910,251.87	1,661,150.00
Principal and interest of lease liabilities	16,510,621.53	13,317,433.68
Loan deposit	142,460,000.00	42,780,000.00
Payment for repurchase of equity interest in Fangda Zhiyuan	113,473,388.12	
Subsidiary IPO expenses		2,064,871.00
Total	274,354,261.52	59,823,454.68

Changes in liabilities arising from financing activities

☑ Applicable □ Inapplicable

In RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Change in cash	Non-cash change	Change in cash	Non-cash change	
Short-term loans	1,318,238,522.78	2,876,228,738.64	181,231,162.95	2,167,643,385.16		2,208,055,039.21
Long-term borrowings (including portion due within one year)	1,335,537,200.00		914,958.90	675,537,200.00		660,914,958.90
Lease liabilities (including portion due within one year)	18,648,903.61		18,434,746.62	16,510,621.53		20,573,028.70
Long-term accounts payable (including portion due within one year)	197,640,219.18		13,556,187.84	113,473,388.12		97,723,018.90
Total	2,870,064,845.57	2,876,228,738.64	214,137,056.31	2,973,164,594.81		2,987,266,045.71

(4) Explanation of cash flows presented on a net basis

Item	Relevant factual information	Basis for adopting net presentation	Financial impact
Net margin paid on bills of exchange, etc.	Corresponding deposits for bills of exchange are presented on a net basis according to changes in their balances	Quick turnaround and short maturity	None
Net deposits received such as bills of exchange			

(5) Significant activities and financial effects that do not involve current cash receipts and disbursements but affect the enterprise's financial position or may affect the enterprise's cash flows in the future

No

62. Supplementary data of cash flow statement

(1) Supplementary data of cash flow statement

In RMB

Supplementary information	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flow related to business operations		
Net profit	276,958,898.33	286,154,500.04
Plus: Asset impairment provision	29,031,376.39	70,211,143.46
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	29,636,300.00	30,069,792.08
Depreciation of right to use assets	14,476,910.31	13,157,906.36
Amortization of intangible assets	5,534,923.47	4,445,952.55
Amortization of long-term amortizable expenses	4,175,586.27	3,689,196.23
Loss from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	-381,572.12	1,421,880.09
Loss from fixed asset discard ("-" for gains)	143,132.97	279,036.49
Loss from fair value fluctuation ("-" for gains)	28,534,518.77	10,113,947.45
Financial expenses ("-" for gains)	95,144,503.65	91,838,168.41
Investment losses ("-" for gains)	-349,270.27	-10,114,883.98
Decrease of deferred income tax asset ("-" for increase)	40,194,671.27	-5,937,243.88
Increase of deferred income tax asset ("-" for increase)	-52,978,001.64	-1,459,087.80
Decrease of inventory ("-" for increase)	-45,092,089.19	22,748,527.66
Decrease of operational receivable items ("-" for increase)	-372,906,407.75	-578,812,306.16
Increase of operational receivable items ("-" for decrease)	306,550,308.71	300,388,703.00
Others	-58,931,587.09	-16,983,599.70
Cash flow generated by business operations, net	299,742,202.08	221,211,632.30
2. Major investment and financing activities with no cash involved		
Debt transferred to assets		
Convertible corporate bonds due within one year		
Fixed assets under finance leases		

3. Net change in cash and cash equivalents:		
Balance of cash at period end	779,661,118.42	783,677,929.06
Less: Initial balance of cash	783,677,929.06	892,251,071.59
Add: Ending balance of cash equivalents		
Less: Ending balance of cash equivalents		
Net increase in cash and cash equivalents	-4,016,810.64	-108,573,142.53

(2) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	779,661,118.42	783,677,929.06
Including: Cash in stock	752.40	149.81
Bank savings can be used at any time	765,436,788.41	776,383,701.29
Other monetary capital can be used at any time	14,223,577.61	7,294,077.96
III. Balance of cash and cash equivalents at end of term	779,661,118.42	783,677,929.06

(3) Monetary funds other than cash and cash equivalents

In RMB

Item	Amount of the Current Term	Amount of the Previous Term	Reasons for not being cash and cash equivalents
Various types of deposits	645,489,997.82	455,076,287.44	Use restricted
Total	645,489,997.82	455,076,287.44	

63. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary capital			67,488,379.65
Including: USD	4,221,085.77	7.0827	29,896,698.48
Euro	0.01	7.8592	0.08
HK Dollar	20,183,567.79	0.9062	18,290,742.81
INR	62,944,686.96	0.0852	5,362,887.33
Vietnamese currency	1,964,100,342.00	0.0003	573,654.98
SGD	589,251.95	5.3772	3,168,525.58
AUD	2,102,935.07	4.8484	10,195,870.39
Account receivable			17,308,909.84
Including: USD	1,235,178.77	7.0827	8,748,400.67
HK Dollar	1,546,500.00	0.9062	1,401,469.23
AUD	1,385,643.13	4.8484	6,718,152.15
INR	5,174,739.28	0.0852	440,887.79

Contract assets			117,167,793.36
Including: USD	11,327,281.90	7.0827	80,227,739.48
INR	52,905,721.65	0.0852	4,507,567.48
Euro	1,542,539.03	7.8592	12,123,122.75
HK Dollar	19,767,589.46	0.9062	17,913,784.92
AUD	494,096.76	4.8484	2,395,578.73
Other receivables			1,660,404.35
Including: USD	109,175.69	7.0827	773,258.66
HK Dollar	681,955.79	0.9062	618,001.98
INR	1,278,741.62	0.0852	108,948.79
SGD	4,295.03	5.3772	23,095.26
AUD	28,277.30	4.8484	137,099.66
Account payable			15,023,597.10
Including: USD	1,246,480.91	7.0827	8,828,450.35
HK Dollar	3,952,209.37	0.9062	3,581,571.17
INR	18,961,855.57	0.0852	1,615,550.09
AUD	205,846.36	4.8484	998,025.49
Other payables			529,240.03
Including: USD	58,666.76	7.0827	415,519.06
HK Dollar	124,955.10	0.9062	113,236.81
AUD	99.86	4.8484	484.16

(2) The note of overseas operating entities should include the main operation places, book keeping currencies and selection basis. Where the book keeping currency is changed, the reason should also be explained.

□ Applicable ☑ Inapplicable

64. Leasing

(1) The Company is the leasee

☑ Applicable □ Inapplicable

Variable lease payments not included in the measurement of the lease liability

□ Applicable ☑ Inapplicable

Lease costs for short-term leases or low-value assets with simplified treatment

☑ Applicable □ Inapplicable

Current gains and losses and cash flows related to leases

Item	2023
Short term lease expenses with simplified treatment included in current profit and loss	39,555,576.27
Lease expenses of low value assets with simplified treatment included in current profit and loss (except short-term lease)	127,709.22
Interest expense on lease liabilities	873,165.18
Total cash outflow related to leasing	51,107,361.66

Involvement in sale-and-leaseback transactions: None.

(2) The Company as lessor

Operating leases as lessor

☑ Applicable □ Inapplicable

In RMB

Item	Rental income	Including: Income related to variable lease payments not included in lease receipts
Rental income	149,634,705.05	519,447.79
Total	149,634,705.05	519,447.79

Financing leases as lessor

□ Applicable ☑ Inapplicable

Undiscounted lease receipts for each of the next five years

☑ Applicable □ Inapplicable

In RMB

Item	Annual undiscounted lease receipts	
	Closing amount	Opening amount
First year	132,605,879.94	143,507,004.38
Second year	115,552,250.91	99,878,509.89
Third year	94,134,268.43	82,828,241.30
Fourth year	59,112,763.63	36,864,929.12
Fifth year	39,342,690.51	37,649,426.06
Total undiscounted lease receipts after five years	90,429,704.69	125,099,040.43

VIII. R&D expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	103,430,062.05	87,517,101.66
Material costs	55,562,482.97	54,424,197.58
Agencies	8,698,692.37	9,786,533.05
Depreciation costs	2,081,830.87	1,475,184.54
Amortization of intangible assets	1,024,410.27	1,084,611.53
Travel expense	703,972.61	413,442.72
Rental	501,204.01	1,302.17
Others	8,068,146.10	7,110,539.77
Total	180,070,801.25	161,812,913.02
Including: Expensed R&D expenditure	180,070,801.25	161,812,913.02

IX. Change to Consolidation Scope

1. Change to the consolidation scope for other reasons

Description of changes in the scope of consolidation due to other reasons (e.g., newly established subsidiaries, liquidation of subsidiaries, etc.) and their related circumstances: The Company has added one new wholly-owned subsidiary by way of establishment during the current period: Shenzhen Fangda Jianchuang Technology Co. Ltd.

X. Equity in Other Entities

1. Interests in subsidiaries

(1) Group Composition

In RMB

Company	Registered capital	Place of business	Registered address	Business	Shareholding percentage		Obtaining method
					Direct	Indirect	
Shihui International Holding Co., Ltd.	21,248,100.00	Virgin Islands	Virgin Islands	Investment	100.00%		Incorporation
Shenzhen Hongjun Investment Co., Ltd.	100,000,000.00	Shenzhen	Shenzhen	Investment	98.00%	2.00%	Incorporation
Shenzhen Fangda Investment Partnership (Limited Partnership)	237,700,000.00	Shenzhen	Shenzhen	Project investment and investment consultancy	99.00%	0.52%	Incorporation
Jiangxi Fangda Intelligent Manufacturing Technology Co., Ltd.	100,000,000.00	Ganzhou	Ganzhou	Prodution and sales of new-type materialsm composite materials and production of curtain walls	99.00%	1.00%	Incorporation
Shenzhen Fangda Jianke Group Co., Ltd.	600,000,000.00	Shenzhen	Shenzhen	Designing, manufacturing, and installation of curtain walls	98.66%	1.34%	Incorporation
Dongguan Fangda New Material Co., Ltd.	272,800,000.00	Dongguan	Dongguan	Installation and sales of building curtain walls		100.00%	Incorporation
Chengda Fangda Construction Technology Co., Ltd.	50,000,000.00	Chengdu	Chengdu	Trusted processing of building curtain wall materials		100.00%	Incorporation
Fangda Australia Co., Ltd.	14,545,200.00	Australia	Australia	Designing, manufacturing, and installation of curtain		100.00%	Incorporation

				walls			
Fangda Southeast Asia Co., Ltd.	3,000,000.00	Vietnam	Vietnam	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Shanghai Fangda Zhijian Technology Co., Ltd	100,000,000.00	Shanghai	Shanghai	Intelligent technology, new energy, automated technology	30.00%	70.00%	Incorporation
Fangda Jianke Hong Kong Co., Ltd.	36,594.00	Hong Kong	Hong Kong	Design, sale and installation of building curtain wall		100.00%	Incorporation
Shanghai Fangda Jianzhi Technology Co., Ltd.	50,000,000.00	Shanghai	Shanghai	Construction technology, intelligent technology, automation technology, design, production and installation of building curtain walls		100.00%	Incorporation
Chengda Fangda Curtain Wall Technology Co., Ltd.	50,000,000.00	Chengdu	Chengdu	Building decoration and other construction industry		100.00%	Incorporation
Shenzhen Fangda Jianchuang Technology Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Production and sales of building curtain walls		100.00%	Incorporation
Shenzhen Fangda New Energy Co., Ltd.	100,000,000.00	Shenzhen	Shenzhen	Design and construction of PV power plants	99.00%	1.00%	Incorporation
Pingxiang Fangda Luxin New Energy Co., Ltd.	10,000,000.00	Pingxiang	Pingxiang	Design and construction of PV power plants		100.00%	Incorporation
Nanchang Xinjian Fangda New Energy Co., Ltd.	10,000,000.00	Nanchang	Nanchang	Design and construction of PV power plants		100.00%	Incorporation
Dongguan Fangda New Energy Co., Ltd.	10,000,000.00	Dongguan	Dongguan	Design and construction of PV power plants		100.00%	Incorporation

Shenzhen Xunfu Investment Co., Ltd	100,000.00	Shenzhen	Shenzhen	Project investment and investment consultancy		100.00%	Incorporation
Shenzhen Lifu Investment Co., Ltd	1,000,000.00	Shenzhen	Shenzhen	Project investment and investment consultancy		52.00%	Incorporation
Fangda Zhichuang Technology Co., Ltd.	105,000,000.00	Shenzhen	Shenzhen	Production, processing and installation of subway screen doors		94.04%	Incorporation
Shenzhen Qianhai Kechuangyuan Software Co., Ltd.	5,000,000.00	Shenzhen	Shenzhen	Software development		94.04%	Incorporation
Fangda Zhiyuan Technology (Hong Kong) Co., Ltd.	8,435.80	Hong Kong	Hong Kong	Metro screen door		94.04%	Incorporation
Fangda Zhiyuan Technology (Wuhan) Co., Ltd.	10,000,000.00	Wuhan	Wuhan	Production, processing and installation of subway screen doors		94.04%	Incorporation
Fangda Zhiyuan Railway Transportation Equipment (Dongguan) Co.	1,000,000.00	Dongguan	Dongguan	Production, processing and installation of subway screen doors		94.04%	Incorporation
Fangda Zhiyuan Technology (Nanchang) Co., Ltd.	1,000,000.00	Nanchang	Nanchang	Production, processing and installation of subway screen doors		94.04%	Incorporation
General Railway Technology Ltd.	47,880.30	Singapore	Singapore	Production, processing and installation of subway screen doors		94.04%	Incorporation
Shenzhen Fangda Property Development Co., Ltd.	200,000,000.00	Shenzhen	Shenzhen	Real estate development and operation	99.00%	1.00%	Incorporation
Shenzhen	10,000,000.0	Shenzhen	Shenzhen	Property		100.00%	Incorporation

Fangda Property Management Co., Ltd.	0			management			
Fangda (Jiangxi) Property Development Co., Ltd.	100,000,000.00	Nanchang	Nanchang	Real estate development and operation		100.00%	Incorporation
Shenzhen Fangda Yunzhi Technology Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Technology development and sales; Invest in industry; Operation management of science and technology park		100.00%	Incorporation
Shenzhen Zhongrong Litai Investment Co., Ltd.	121,000,000.00	Shenzhen	Shenzhen	Business service		55.00%	Purchase
Fangda New Materials (Jiangxi) Co., Ltd.	99,328,800.00	Nanchang	Nanchang	Prodution and sales of new-type materialsm composite materials and production of curtain walls	75.00%	25.00%	Incorporation
Shenzhen Fangda Yunzhu Technology Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Inspection, technical service and consultation of building safety and building energy saving system		100.00%	Consolidation of entities under common control
Shenzhen Yunzhu Testing Technology Co., Ltd.	5,000,000.00	Shenzhen	Shenzhen	Inspection, technical service and consultation of building safety and building energy saving system		100.00%	Consolidation of entities under common control

(2) Major non wholly-owned subsidiaries

In RMB

Company	Shareholding of minority shareholders	Profit and loss attributed to minority shareholders	Dividend to be distributed to minority shareholders	Interest balance of minority shareholders in the end of the period
Zhongrong Litai	45.00%	-55,097.66		48,299,427.58
Fangda Zhiyuan Technology	5.96%	4,256,280.05		25,134,721.34

(3) Financial highlights of major non wholly owned subsidiaries

In RMB

Company	Closing balance						Opening balance					
	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities
Zhongrong Litai	209,637,980.81	285,106.81	209,923,087.62	102,400,696.16	190,330.21	102,591,026.37	208,737,205.21	371,747.97	209,108,953.18	101,349,268.59	305,184.09	101,654,452.68
Fangda Zhiyuan Technology	772,725,686.09	147,607,926.78	920,333,612.87	484,982,075.34	13,696,876.21	498,678,951.55	770,739,460.72	135,423,070.69	906,162,531.41	540,848,850.07	15,118,392.71	555,967,242.78

In RMB

Company	Amount occurred in the current period				Occurred in previous period			
	Turnover	Net profit	Total of misc. incomes	Business operation cash flows	Turnover	Net profit	Total of misc. incomes	Business operation cash flows
Zhongrong Litai	110,091.72	-122,439.25	-122,439.25	90,964.60	110,091.74	-122,756.30	-122,756.30	56,529.04
Fangda Zhiyuan Technology	558,421,443.33	71,424,880.42	71,598,313.27	-5,772,922.82	564,551,749.10	53,861,759.06	54,601,158.86	-14,231,720.29

2. Interests in joint ventures or associates

(1) Financial summary of insignificant joint ventures and associates

In RMB

	Closing balance/amount occurred in this period	Opening balance/amount occurred in previous period
Associate:		
Total book value of investment	54,757,017.40	54,969,042.14
Total shareholding		
Net profit	-212,024.74	-249,904.00
--Total of misc. incomes	-212,024.74	-249,904.00

XI. Government Subsidies

1. Governmental subsidy recognized as receivable at the end of the report period

☑ Applicable □ Inapplicable

Closing balance of accounts receivable: RMB798,918.77.
Reasons for not receiving the estimated amount of government grants at the expected point in time

□ Applicable ☑ Inapplicable

2. Liabilities involving government subsidies

☑ Applicable □ Inapplicable

In RMB

Accounting item	Opening balance	Amount of new subsidy	Other misc. gains recorded in this period	Closing balance	Assets/earning-related
Deferred earning	8,999,880.44	550,000.00	571,201.72	8,978,678.72	Assets-related
Total	8,999,880.44	550,000.00	571,201.72	8,978,678.72	

3. Government subsidies accounted into current profit or loss.

☑ Applicable □ Inapplicable

In RMB

Accounting item	Amount occurred in the current period	Occurred in previous period
Other gains	12,902,308.18	13,613,955.86
Financial expenses	-131,680.00	308,700.00
Total	12,770,628.18	13,922,655.86

XII. Risks of Financial Tools

1. Types of risks arising from financial instruments

The risks associated with the financial instruments of the Company arise from the various financial assets and liabilities recognized by the Company in the course of its operations, including credit risks, liquidity risks and market risks.

The management objectives and policies of various risks related to financial instruments are governed by the management of the Company. The operating management is responsible for daily risk management through functional departments (for example, the Company's credit management department reviews the Company's credit sales on a case-by-case basis). The internal audit department of the Company conducts daily supervision of the implementation of the Company's risk management policies and procedures, and reports relevant findings to the Company's audit committee in a timely manner.

The overall goal of the Company's risk management is to formulate risk management policies that minimize the risks associated with various financial instruments without excessively affecting the Company's competitiveness and resilience.

(1) Credit risk

Credit risk is caused by the failure of one party of a financial instrument in performing its obligations, causing the risk of financial loss for the other party. The credit risk of the Company mainly comes from monetary capital, notes receivable, accounts receivable, other receivables, receivables financing, contract assets, etc. The credit risk of these financial assets comes from the default of the counterparties, and the maximum risk exposure is equal to the book amount of these instruments.

The Company's money and funds are mainly deposited in the commercial banks and other financial institutions. The Company believes that these commercial banks have higher reputation and asset status and have lower credit risk.

For notes receivable, accounts receivable, other receivables, receivables financing and contract assets, the Company sets relevant policies to control credit risk exposure. The Group set the credit line and term for debtors according to their financial status, external rating, and possibility of getting third-party guarantee, credit record and other factors. The Group regularly monitors debtors' credit record. For those with poor credit record, the Group will send written payment reminders, shorten or cancel credit term to lower the general credit risk.

① Significant increases in credit risk

The credit risk of the financial instrument has not increased significantly since the initial confirmation. In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidenced information, including forward-looking information, that can be obtained without unnecessary additional costs or effort. The Company determines the relative risk of default risk of the financial instrument by comparing the risk of default of the financial instrument on the balance sheet date with the risk of default on the initial recognition date to assess the credit risk of the financial instrument from initial recognition.

When one or more of the following quantitative and qualitative criteria are triggered, the Company believes that the credit risk of financial instruments has increased significantly: the quantitative criteria are mainly the probability of default in the remaining life of the reporting date increased by more than a certain proportion compared with the initial recognition; the qualitative criteria are the major adverse changes in the operation or financial situation of the major debtors, the early warning of customer list, etc.

② Definition of assets where credit impairment has occurred

In order to determine whether or not credit impairment occurs, the standard adopted by our company is consistent with the credit risk management target for related financial instruments, and quantitative and qualitative indicators are considered.

Major financial difficulties have occurred to the issuer or the debtor; Breach of contract by the debtor, such as payment of interest or default or overdue of principal; (B) The concession that the debtor would not make under any other circumstances for economic or contractual considerations relating to the financial difficulties of the debtor; The debtor is likely to be bankrupt or undertake other financial restructuring; The financial difficulties of the issuer or debtor lead to the disappearance of the active market for the financial asset;

To purchase or generate a financial asset at a substantial discount, which reflects the fact that a credit loss has occurred.

Credit impairment in financial assets may be caused by a combination of multiple events, not necessarily by events that can be identified separately.

③ Expected credit loss measurement

Depending on whether there is a significant increase in credit risk and whether a credit impairment has occurred, the Company prepares different assets for a 12-month or full expected credit loss. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. Taking into account the quantitative analysis and forward-looking information of historical statistics (such as counterparty ratings, guaranty methods, collateral categories, repayment methods, etc.), the Company establishes the default probability, default loss rate and default risk exposure model.

Definition:

The probability of default refers to the possibility that the debtor will not be able to fulfill its obligation to pay in the next 12 months or throughout the remaining period.

Breach Loss Rate means the extent of loss expected by the Company for breach risk exposure. Depending on the type of counterparty, the manner and priority of recourse, and the different collateral, the default loss rate is also different. The default loss rate is the percentage of the risk exposure loss at the time of the default, calculated on the basis of the next 12 months or the entire lifetime.

Exposure to default is the amount payable to the Company at the time of default in the next 12 months or throughout the remaining life. Prospective information credit risks significantly increased and expected credit losses were calculated. Through the analysis of historical data, the Company has identified the key economic indexes that affect the credit risk of each business type and the expected credit loss.

The largest credit risk facing the Group is the book value of each financial asset on the balance sheet. The Group makes no guarantee that may cause the Group credit risks.

Among the accounts receivable of the Company, the accounts receivable of the top five customers account for 23.89% of the total accounts receivable of the Company (comparison period: 26.41%); among the other accounts receivable of the Company, the accounts receivable of the top five companies account for 72.01% of the total accounts receivable of the Company (comparison period: 72.10%).

(2) Liquidity risk

Liquidity risk is the risk of capital shortage when the Group needs to pay cash or settled with other financial assets. The Company is responsible for the cash management of its subsidiaries, including short-term investments in cash surpluses and loans to meet projected cash requirements. The Company's policy is to regularly monitor short and long-term liquidity requirements and compliance with borrowing agreements to ensure adequate cash reserves and readily available securities.

As of December 31, 2023, the maturity of the Company's financial liabilities is as follows:

Item	December 31, 2023			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	220,805.50	-	-	220,805.50
Notes payable	86,888.69	-	-	86,888.69
Account payable	195,524.32	1,415.80	289.26	197,229.38
Other payables	5,168.51	1,010.36	5,579.31	11,758.18
Non-current liabilities due in 1 year	6,413.51	-	-	6,413.51
Other current liabilities	5,352.47	-	-	5,352.47
Long-term loans	-	30,000.00	36,000.00	66,000.00
Lease liabilities	-	578.60	88.99	667.59
Long-term payable	-	4,840.00	-	4,840.00
Total	520,153.00	37,844.76	41,957.56	599,955.32

(Continued)

Item	December 31, 2022			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	131,823.85	-	-	131,823.85
Derivative financial liabilities	29.34	-	-	29.34
Notes payable	73,489.02	-	-	73,489.02
Account payable	168,254.83	3,119.05	429.76	171,803.64
Other payables	7,228.45	1,099.12	3,014.97	11,342.54
Non-current liabilities due in 1 year	8,377.86	-	-	8,377.86
Other current liabilities	4,813.32	-	-	4,813.32
Long-term loans	-	63,146.28	63,203.72	126,350.00
Lease liabilities	-	681.92	8.83	690.75
Long-term payable	-	19,764.02	-	19,764.02
Total	394,016.67	87,810.39	66,657.28	548,484.34

(3) Market risk

① Credit risks

The exchange rate risk of the Company mainly comes from the assets and liabilities of the Company and its subsidiaries in foreign currency not denominated in its functional currency. Except for the use of Hong Kong dollars, United States dollars, Australian dollars, Vietnamese dong, euro, Indian rupees or Singapore currencies by its subsidiaries established in and outside the Hong Kong Special Administrative Region, other major businesses of the Company shall be denominated in Renminbi.

As of December 31, 2023, the foreign currency financial assets and foreign currency financial liabilities of the Company at the end of the period are listed in the description of foreign currency monetary items in Note 63.

The Company pays close attention to the impact of exchange rate changes on the Company's exchange rate risk. The Company continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize foreign exchange risks. To this end, the Company may avoid foreign exchange risks by signing forward foreign exchange contracts or currency swap contracts.

② Exchange rate risk

The Group's interest rate risk mainly arises from long-term interest-bearing debts such as long-term bank loans. Financial liabilities with floating interest rate cause cash flow interest rate risk for the Group. Financial liabilities with fixed interest rate cause fair value interest rate risk for the Group. The Group decides the proportion between fixed interest rate and floating interest rate according to the market environment and regularly reviews and monitors the combination of fixed and floating interest rate instruments.

The Finance Department at the Company's head office monitors the level of the Group's interest rates on an ongoing basis. The rising interest rate will increase the cost of the new interest-bearing debt and the interest expenditure on interest-bearing debt which has not yet been paid by the Company at the floating rate, and will have a significant adverse effect on the Company's financial performance. Management will make adjustments in time according to the latest market conditions.

As of December 31, 2023, if the loan interest rate calculated by floating interest rate increases or decreases by 50 basis points while other risk variables remain unchanged, the net profit of the Company in the current year will decrease or increase by RMB3.6 million (December 31, 2022: RMB6,125,600).

2. Hedging

(1) The Company conducts hedging business for risk management.

☑ Applicable □ Inapplicable

Item	Corresponding risk management strategies and objectives	Qualitative and quantitative information about the hedged risk	Economic relationships between hedged items and related hedging instruments	Effective achievement of expected risk management objectives	The impact of the corresponding hedging activities on the risk exposure
Aluminum futures hedging	Utilizing the hedging function of futures tools, the Company carries out aluminum futures hedging business	The Company uses aluminum futures to hedge aluminum-related raw materials in the expected procurement	The underlying variables are standard aluminum prices, and the values of hedged items and hedging instruments	The Company has formulated relevant internal management systems for its aluminum futures hedging and	Buy or sell corresponding aluminum futures contracts to hedge the risk exposure existing in the spot business side.

	to reasonably avoid the risks brought about by fluctuations in the prices of relevant raw materials to its operations, to enhance the Company's overall ability to withstand risks and to strengthen the robustness of its operating activities.	business. The Company adopts the strategy of dynamic hedging of commodity price risk exposure, and adjusts the position of futures contracts according to the expected procurement exposure.	change in opposite directions due to facing the same hedged risks, and there is a relationship of mutual hedging of risks.	forward foreign exchange trading business, and continuously evaluates the effectiveness of hedging to ensure that the hedging relationship is effective in the designated accounting period, and that the risks of fluctuations in raw material purchasing prices and exchange rate fluctuations of foreign-currency receivables are controlled within a reasonable range, so as to enhance the Company's risk-resistance ability and increase the robustness of its operating activities.	
Forward foreign exchange contract value preservation	Utilizing the hedging and protection function of forward foreign exchange contracts, the Company carries out the business of hedging foreign currency receivables in order to reasonably avoid the risks brought by exchange rate fluctuations to its operations, enhance the Company's overall ability to withstand risks, and strengthen the soundness of its operating activities.	The Company uses forward foreign exchange contracts to hedge expected receivables. The Company adopts the strategy of dynamic hedging of exchange rate risk exposure and adjusts the position of foreign exchange contracts according to the expected foreign currency receivables exposure.	The underlying variables are all foreign currency exchange rates. The exchange rates of the hedged item and the hedging instrument change in opposite directions due to exposure to the same hedged risk, and there is a relationship of risk hedging.	The Company has formulated relevant internal management systems for its aluminum futures hedging and forward foreign exchange trading business, and continuously evaluates the effectiveness of hedging to ensure that the hedging relationship is effective in the designated accounting period, and that the risks of fluctuations in raw material purchasing prices and exchange rate fluctuations of foreign-currency receivables are controlled within a	Buy or sell corresponding forward foreign exchange contracts to hedge the risk exposure of foreign currency receivables.

				reasonable range, so as to enhance the Company's risk-resistance ability and increase the robustness of its operating activities.	

(2) The Company conducts eligible hedging operations and applies hedge accounting.

In RMB

Item	Carrying value associated with hedged items and hedging instruments	Cumulative fair value hedge adjustments to hedged items included in the carrying value of the hedged item recognized	Hedge effectiveness and sources of hedge ineffectiveness	Impact of hedge accounting related to the Company's financial statements
Types of hedge risk				
Price risk		Inapplicable	Relevance of hedged items to hedging instruments	Cost of principal operations: RMB-1,677,050.00.
Exchange rate risk	173,737.06	Inapplicable	Relevance of hedged items to hedging instruments	Derivative financial assets: RMB173,737.06, Other comprehensive income: RMB170,878.62, Investment income: RMB611,295.00.
Type				
Cash flow hedging	173,737.06	Inapplicable	Relevance of hedged items to hedging instruments	Derivative financial assets: RMB173,737.06, other comprehensive income: RMB170,878.62, cost of principal operations: RMB-1,677,050.00, investment income: RMB611,295.00.

(3) The Company conducts hedging business for risk management and expects to achieve its risk management objectives but does not apply hedge accounting.

□ Applicable ☑ Inapplicable

3. Financial Assets

(1) Classification of transfer methods

☑ Applicable □ Inapplicable

In RMB

Way of transfer	Nature of financial assets transferred	Amount of financial assets transferred	Derecognition	Basis for judging derecognition
Endorsem	Outstanding promissory	27,937,899.17	Not	Promissory notes used for discounting or

ent	notes in notes receivable		derecognized	endorsement are accepted by banks or enterprises with low credit ratings, discounting or endorsement does not affect recourse, and the credit risk and deferred payment risk associated with the notes remain untransferred
Endorsement	Outstanding bankers' acceptances in receivables financing	6,906,528.87	Derecognition	Bankers' acceptances used for discounting or endorsement are accepted by banks with high credit ratings and the credit risk and deferred payment risk associated with the instruments are low
Factoring	Outstanding receivables in receivables financing	161,206,709.26	Derecognition	Non-recourse factoring
Total		196,051,137.30		

(2) Financial assets derecognized due to transfers

☑ Applicable □ Inapplicable

In RMB

Item	Transfer method of financial assets	Amount of financial assets derecognized	Gain or loss related to the de-recognition
Outstanding bankers' acceptances in receivables financing	Endorsement	6,906,528.87	
Account receivable	Factoring	161,206,709.26	-4,656,380.30
Total		168,113,238.13	-4,656,380.30

(3) Transfer of financial assets with continuing involvement in assets

□ Applicable ☑ Inapplicable

XIII. Fair Value

1. Closing fair value of assets and liabilities measured at fair value

In RMB

Item	Closing fair value			
	First level fair value	Second level fair value	Third level fair value	Total
1. Continuous fair value measurement	--	--	--	--
(I) Transactional financial assets		173,737.06		173,737.06
1. Financial assets measured at fair value with variations accounted into current income account		173,737.06		173,737.06
(1) Derivative financial assets		173,737.06		173,737.06
(2) Receivable financing		6,979,428.14		6,979,428.14
(3) Investment real estate			5,747,572,171.31	5,747,572,171.31
1. Leased building			5,747,572,171.31	5,747,572,171.31

(4) Other non-current financial assets			7,455,617.17	7,455,617.17
Total assets measured at fair value continuously		7,153,165.20	5,755,027,788.48	5,762,180,953.68
2. Discontinuous fair value measurement	--	--	--	--

2. Recognition basis of market value of continuous and discontinuous items measured at first level fair value

The Group determines the fair value using quotation in an active market for financial instruments traded in an active market;

3. Valuation technique and qualitative and quantitative information for key parameters of continuous and discontinuous second level fair value items

For derivative financial assets and derivative financial liabilities with fair value of forward exchange contracts, the fair value is determined based on the market value of expected earnings at the balance sheet date.

Receivables financed at fair value through other comprehensive income are notes receivable, for which the fair value is determined based on the book value due to the short remaining maturity.

4. Valuation technique and qualitative and quantitative information for key parameters of continuous and discontinuous third level fair value items

Investment properties measured at fair value are appraised using the comparative and income approaches. Comparison method: It selects a certain number of comparable examples, compares them with the valuation object and processes the comparable instance transaction prices according to the difference to obtain the value or price of the valuation object. The income approach is a method of predicting the future earnings of the object of valuation, and using the rate of compensation or capitalization rate, income multiplier to convert the future earnings into value to get the value or price of the object of valuation.

5. Switch between different levels, switch reason and switching time policy

The Company takes the occurrence date of the events leading to the transition between levels as the time point to confirm the transition between levels. In the period, there is no switch in the financial assets measured at fair value between the first and second level or transfer in or out of the third level.

6. Fair value of financial assets and liabilities not measured at fair value

Financial assets and liabilities measured at amortized cost include: monetary capital, bills receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payables, other payables, and long-term payables.

XIV. Related Parties and Transactions

1. Parent of the Company

Parent	Registered address	Business	Registered capital	Share of the parent co. in the Company	Voting power of the parent company
Shenzhen Banglin Technologies Development Co., Ltd.	Shenzhen	Industrial investment	RMB30 million	11.11%	11.11%
Shengjiu Investment Ltd.	Hong Kong	Industrial investment	HKD1 million	10.25%	10.25%

Particulars about the parent of the Company:

① All of the investors of Shenzhen Banglin Technology Development Co., Ltd., the holding shareholder of the Company, are natural persons. Among them, Chairman Xiong Jianming is holding 85％ shares, and Mr. Xiong Xi is holding 15% of the shares.

② Among the top 10 shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are acting in concert.

The final controller of the Company is Xiong Jianming.

2. Subsidiaries of the Company

For details of subsidiaries of the enterprise, please refer to Note X of this chapter, rights and interests in other entities.

3. Joint ventures and associates

There are no important joint ventures and associates in this year.

Information about other joint ventures or associates with related transactions in this period or with balance generated by related transactions in previous period:

Joint venture or associate	Relationship with the Company
Ganshang Joint Investment	Affiliates of the Company

4. Other associates

Other related parties	Relationship with the Company
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	Affiliates of the Company
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Affiliated relationship with Shenzhen Banglin Technology Development Co., Ltd.
Shenyang Fangda	Subsidiary in liquidation
Shenzhen Yikang Real Estate Co. Ltd.	Controlled subsidiaries
Shenzhen Qijian Technology Co., Ltd. (Qijian Technology)	Common actual controller
Director, manager and secretary of the Board	Key management

5. Related transactions

(1) Related transactions for purchase and sale of goods, provision and acceptance of services

Sales of goods and services

In RMB

Affiliated party	Related transaction	Amount occurred in the	Occurred in previous period

		current period	
Qijian Technology	Property service and sales of goods	181,132.08	244,632.39

(2) Related leasing

The Company is the leasor:

In RMB

Name of the leasee	Category of asset for lease	Rental recognized in the period	Rental recognized in the period
Qijian Technology	Houses & buildings	868,571.40	868,571.40

(3) Related guarantees

The Company is the guarantor:

In RMB10,000

Beneficiary party	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	24,000.00	March 9, 2022	Three years after the expiration date of debt performance	Yes
Fangda Yunzhu	800.00	August 19, 2022	Three years after the expiration date of debt performance	Yes
Fangda Jianke	86,000.00	November 24, 2022	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	20,000.00	October 19, 2022	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	18,000.00	March 22, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	4,000.00	September 8, 2022	Three years after the expiration date of debt performance	Yes
Fangda Jianke	30,000.00	October 19, 2022	Three years after the expiration date of debt performance	Yes
Fangda Property	47,000.00	December 16, 2020	Three years after the expiration date of debt performance	Yes
Fangda New Material	8,500.00	September 6, 2022	Three years after the expiration date of debt performance	Yes
Fangda Jianke	30,000.00	September 20, 2022	Three years after the expiration date of debt performance	Yes
Fangda Jianke	48,000.00	December 15, 2022	Three years after the expiration date of debt performance	Yes
Fangda Jianke	20,000.00	August 10, 2022	Three years after the expiration date of debt performance	Yes
Fangda Jianke	50,000.00	September 20, 2022	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	15,000.00	November 1, 2022	Three years after the expiration date of debt performance	Yes
Fangda New Material	10,000.00	April 20, 2022	Three years after the expiration date of debt performance	Yes
Fangda Zhijian	7,000.00	June 1, 2022	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	40,000.00	July 4, 2022	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	15,000.00	March 9, 2022	Three years after the expiration date of debt performance	Yes
Fangda Yunzhu	600.00	May 10, 2022	Three years after the expiration date of debt performance	Yes
Total amount of guarantee fulfilled	473,900.00			

Fangda Jianke	93,000.00	December 28, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	39,000.00	December 9, 2022	Three years after the expiration date of debt performance	No
Fangda New Material	10,000.00	April 18, 2023	Three years after the expiration date of debt performance	No
Fangda Yunzhu	1,000.00	March 30, 2023	Three years after the expiration date of debt performance	No
Fangda New Material	8,500.00	November 2, 2023	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	10,000.00	September 25, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	15,000.00	May 23, 2022	Three years after the expiration date of debt performance	No
Fangda Zhijian	7,000.00	May 15, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	48,000.00	December 15, 2023	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	10,000.00	December 21, 2023	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	18,000.00	December 15, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	11,400.00	August 16, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	50,000.00	September 28, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	30,000.00	September 25, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	30,000.00	October 20, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	4,000.00	May 15, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	20,000.00	October 9, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	60,000.00	January 21, 2023	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	36,000.00	June 20, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	24,000.00	May 5, 2023	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	15,000.00	May 5, 2023	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	20,000.00	October 7, 2023	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	15,000.00	September 25, 2023	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	10,000.00	May 23, 2022	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	15,550.00	November 21, 2023	Three years after the expiration date of debt performance	No
Fangda Yunzhu	600.00	May 11, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	20,000.00	March 31, 2023	Three years after the expiration date of debt performance	No
Fangda Property	135,000.00	February 25, 2020	Three years after the expiration date of debt performance	No
Fangda Jianke	30,000.00	December 21, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	20,000.00	November 2, 2023	Three years after the expiration date of debt performance	No
Total amount of guarantee being performed	806,050.00			

Note to related guarantees

The above-mentioned guarantees are all associated guarantees within interested entities of the Company.

(4) Remuneration of key management

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Remuneration of directors, supervisors and senior management	11,142,160.44	9,495,306.69

6. Receivable and payables due with related parties

(1) Receivable interest

In RMB

Project name	Affiliated party	Closing balance		Opening balance	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
Account receivable	Qijian Technology	4,763.36	47.63	4,708.76	47.09
Other receivables	Shenyang Fangda			42,877.00	42,877.00
Other receivables	Ganshang Joint Investment	3,791,089.25	56,487.23	3,791,089.25	56,487.23
Other receivables	Shenzhen Yikang Real Estate Co. Ltd.	76,062,675.83	1,133,333.87	70,062,675.83	1,043,933.87

(2) Receivable interest

In RMB

Project name	Affiliated party	Closing balance of book value	Opening balance of book value
Other payables	Shenzhen Yikang Real Estate Co. Ltd.	26,102,009.60	25,305,047.71
Other payables	Qijian Technology	400.00	400.00
Other payables	Ganshang Joint Investment		3,355.36

XV. Commitment and Contingent Events

1. Major commitments

On November 6, 2017, Fangda Real Estate Co., Ltd., a subsidiary of the Company, and Bangshen Electronics (Shenzhen) Co., Ltd. signed the "Joint Development Agreement on Fangda Bangshen Industrial Park (Temporary Name) Urban Renewal Project", and the two parties agreed to develop cooperatively. In order to develop urban renewing projects such as a "renovation project", Fangda Real Estate provided Party A with property compensation through renovating and renovating the property allocation terms agreed upon by both parties, and obtained independent development rights of the project. As of December 31, 2023, Fangda Real Estate has paid a deposit of RMB20 million and a transitional compensation of RMB3 million.

(2) In July 2018 ,the Company's subsidiary Fangda Real Estate Co. Ltd. (Party A) signed a contract with Shenzhen Yikang Real Estate Co. Ltd. (Party B1) and Shenzhen Qianhai Zhongzheng Dingfeng No. 6 Investment Enterprise (Limited Partnership) (Party B2), "Shenzhen Henggang Dakang Village Project Cooperation Agreement". Party B agrees to transfer the entire equity of the project company it holds and the

entire development interest of the project to Party A. Party A shall pay Party B a total of RMB600 million for the cooperation price. As of December 31, 2023, Fangda Property has paid Party B and the project company RMB50 million of security deposit, RMB20 million of service fee, RMB61,937,200 of equity transfer and RMB79,362,900 of other related payments.

In May 2021, the subsidiaries Fangda Jianke, Fangda Jiangxi New Material and CITIC Securities Investment Co., Ltd., Shenzhen Hi Tech Investment Venture Capital Co., Ltd., Shenzhen Qianhai Pengchen Investment Partnership (limited partnership), Gongqingcheng Longrun Spring Investment Partnership (limited partnership), Shenzhen Jiayuan Capital Management Co., Ltd and Gongqingcheng Huasheng Botai Investment Partnership (limited partnership) (hereinafter referred to as the "Transferee") signed equity transfer agreements to transfer 10.9375% of the total equity of Fangda Zhiyuan Technology, with the transfer amount of RMB 175 million. The agreement also stipulates that if Fangda Zhiyuan Technology fails to start and complete the qualified listing before May 31, 2025, the transferee has the right to require Fangda Jianke and Fangda Jiangxi New Material to repurchase or transfer all or part of the equity of Fangda Zhiyuan Technology held by the transferee. On November 21, 2023, with the approval of the Company's board of directors, the spin off of its controlling shareholder, Fangda Zhiyuan, for listing on the Growth Enterprise Market was terminated and the relevant listing application documents were withdrawn. As of the date of this report, the subsidiary, Fanda Jianke, has completed the repurchase of the 10.9375% equity of Fangda Zhiyuan Technology held by the transferee. The share transfer agreements and their supplementary agreements between the subsidiary and the transferee have all been terminated.

The Company has no other commitments that should be disclosed by December 31, 2023.

2. Contingencies

Significant contingencies on the balance sheet date:

(1) Contingent liabilities formed by material lawsuit or arbitration, and their influences on the financial position

① On June 19, 2019, Langfang Aomei Jiye Real Estate Development Co., Ltd. filed a lawsuit against Fangda Jianke in the People's Court of Langfang Development Zone, demanding compensation of RMB19,721,315.00, and filed an application for appraisal of quality, repair cost and uncompleted project cost; Fangda Jianke filed a counterclaim on September 11, 2019, demanding payment of RMB13,939,863.27, and put forward the application for completed project cost appraisal. As of the date of this report, the case is still under trial.

② In March 2022, Xiangheng Real Estate (Jinan) Co., Ltd. filed an arbitration with the Jinan Arbitration Commission, requesting Fangda Jianke to bear the deduction, maintenance, rectification and rework costs of RMB8,956,563.81 and lawyer's fees of RMB350,000.00 caused by the quality problems of the supply and installation of aluminum alloy doors and windows, louvers and curtain walls of Jinan Kerry comprehensive development project (phase I and II); In April 2022, Fangda Construction Technology Co., Ltd. filed an anti arbitration application, requiring Xiangheng Real Estate (Jinan) Co., Ltd. to pay a total of RMB18,062,462.28 for the project funds and project expenses. As of the date of this report, the two cases are under joint trial.

③ In September 2022, Fangda Jianke Co., Ltd. filed a lawsuit to the People's Court of Longhua District, requiring Longguang Engineering Construction Co., Ltd. to pay the total principal and interest of the project funds of Longguang Jiuzuan Project Plot 05 and Plot 09 to Fangda Construction Technology Co., Ltd., totaling

RMB33,197,543.00. As of the date of this report, the first-instance judgment has been rendered in the case of the Jiuzuan 05 plot project. The judgment ruled that Longguang Company shall pay engineering fees of RMB7,709,679.55, warranty money of RMB6,033,911.38, and corresponding interest to Fangda Jianke Company. Longguang Company shall also enjoy priority right to be compensated from the sale and auction proceeds of the curtain wall production and installation project of this project. In the case of the Jiuzuan 09 plot project, the first-instance judgment ruled that Longguang Company shall pay engineering fees of RMB9,166,924.08, warranty money of RMB4,875,762.96, and corresponding interest to Fangda Jianke Company. Longguang Company shall also enjoy priority right to be compensated from the sale and auction proceeds of the curtain wall production and installation project of this project. Both cases are currently under second-instance trial as both parties have filed appeals.

④ In May 2023, Fangda Jianke Company filed a lawsuit with the People's Court of Panyu District, Guangzhou, demanding that Guangzhou Jiayu Investment Co., Ltd. pay Fangda Jianke Company the principal and interest of the Panyu Hanxi Project payment of RMB26,225,970.09, and assert the priority right to receive the construction project price. As of the disclosure date of this report, the first-instance court has ruled that Guangzhou Jiayu Investment Co., Ltd. shall pay Fangda Jianke engineering fees of RMB22,684,505.49 and an acceptance price difference of RMB1,351,795.12. Fangda Jianke has filed an appeal against the unsupported part of the first-instance judgment.

In August 2023, Fangda Jianke filed a lawsuit against Lanzhou Xinhe Real Estate Co., Ltd. with the Chengguan District People's Court of Lanzhou. Fangda Jianke requested that Lanzhou Xinhe Real Estate Co., Ltd. pay a principal amount of RMB5,374,850.03, along with interest, as construction fees for the Lanzhou Donghu project. Fangda Jianke also claimed priority right to be compensated from the construction project payment. In September 2023, Lanzhou Xinhe Real Estate Co., Ltd. filed a counterclaim, requesting Fangda Jianke to pay a liquidated damages for delay in completion of RMB5,670,000.00. As of the disclosure date of this report, the court has filed and accepted the case, and is awaiting a hearing.

⑥ In November 2023, Fangda Jianke filed a lawsuit with the People's Court of Bao'an District, Shenzhen, demanding that Shenzhen Zhongyi Fuhua Co., Ltd. pay a total of RMB8,657,880.49 in principal and interest for the Zhongyi Smart Building project and claim the priority right to receive the project price. As of the disclosure date of this report, the case has been heard in court and is awaiting judgment.

⑦ In November 2023, Fangda Jianke filed a lawsuit with the People's Court of Honggutan District, Nanchang City, demanding that Jiangxi Huilian Real Estate Co., Ltd. and Jiangxi Boneng Industrial Group Co., Ltd. pay a total of RMB45,309,399.07 for the construction cost and interest of the Nanchang Commercial Union Center project, and claim the priority right to receive the project price. As of the disclosure date of this report, the court has filed a case for acceptance and held a trial, awaiting judgment.

⑧ In December 2023, Fangda Jianke filed a lawsuit with the People's Court of Yantian District, Shenzhen, demanding that Shenzhen Chuangshihe Industrial Co., Ltd. pay Fangda Jianke the principal amount of the Hejing Tongchuang project project payment of RMB12,018,518.24 and overdue interest, and claim the priority right to recover the construction project price. As of the date of this report, the case has entered the stage of pre-litigation mediation and is now on file.

(2) Pending major lawsuits

① In September 2022, Fangda Real Estate Co., Ltd. filed a lawsuit to the People's Court of Nanshan District, Shenzhen, requiring Shenzhen Hongtao Group Co., Ltd. to pay the total principal and interest of Fangda Real Estate Co., Ltd. to Fangda Real Estate Co., Ltd. for the purchase of building 3 # in Fangda City, amounting to RMB56,527,427.01, and Hongtao Company's counterclaim party, Dada Real Estate Co., Ltd., requested to cancel the signed Supplementary Agreement on Real Estate Sales and pay the liquidated damages of RMB44,046,859.04 for overdue certificate processing. The court has issued a first instance judgment, ruling that Hongtao Company shall pay Fangda Real Estate Company the purchase price of RMB40,127,678.19 and overdue payment interest (temporarily calculated as RMB8,418,135.54 until June 30, 2022). The subsequent interest shall be calculated based on RMB40,127,678.19 and continue to be calculated until the actual payment date according to the loan market quotation interest rate standard published by the National Interbank Funding Center. Reject all counterclaim requests from Hongtao Company. Both parties later filed an appeal. As of the disclosure date of this report, the second instance judgment has been issued and the original judgment has been upheld. Currently, the case has entered the execution stage.

② In September 2022, Fangda Real Estate filed a lawsuit with the People's Court of Nanshan District, Shenzhen City, requesting the court to order the cancellation of the Shenzhen Real Estate Sales Contract (Cash Sale) signed by Fangda Real Estate and Shenzhen Rijiasheng Trading Co., Ltd., and order Rijiasheng to pay the bank mortgage loan compensation of RMB18,796,489.12 and interest of RMB3,800,495.61 to Fangda Real Estate, and the liquidated damages for contract cancellation of RMB3,428,313.10, occupation fee Please refund the overdue fee. In September 2022, Rijiasheng filed a lawsuit to the People's Court of Nanshan District, Shenzhen, requesting Fangda Real Estate to perform the obligation of handling the certificate and bear the liquidated damages for overdue handling of the certificate. The provisional amount of RMB3,669,046.43 is actually calculated until the certificate is completed. In 2023, the court issued first instance judgment: in the case of Fangda Real Estate v. Rijiasheng, the judgment supports the termination of the contract and the payment of bank mortgage loan repayment of RMB18,708,945.57 and interest of RMB3,790,999.98 yuan, as well as the payment of contract termination penalty of RMB1,714,156.55 and the occupancy and use fee of the house; The judgment in the case of Rijiasheng v. Fangda Real Estate rejects all litigation claims. Afterwards, both parties filed appeals, and as of the disclosure date of this report, the second instance judgment of Fangda Real Estate Company v. Rijiasheng has been issued, upholding the original judgment. Fangda Real Estate has applied to the court for compulsory execution, and the case has entered the execution stage.

③ In April 2023, Fangda Jianke filed a lawsuit with the Guangzhou Intermediate People's Court, demanding the termination of the construction contract signed with Guangzhou Kaidar Investment Co., Ltd. for the Kaidar Hub International Plaza project, and requiring Guangzhou Kaidar Investment Co., Ltd. to pay the principal amount of the project payment of RMB113,529,244.60 and interest to Fangda Jianke, and claiming the priority right to receive compensation for the construction project price. As of the date of this report, the court has issued a first instance judgment, stating that Kedar is required to pay the principal amount of the project payment of RMB113，529，244.60 and corresponding interest to Fangda Jianke, and has the priority right to be compensated for the discount or auction price of the project curtain wall. Currently, the case has entered the execution stage.

④ In October 2022, Fangda Jianke filed an application for arbitration with the Guiyang Arbitration Commission, requiring Zhongtian Urban Investment Group Guiyang International Financial Center Co., Ltd. to pay Fangda Jianke Co., Ltd. a total of RMB10,818,847.31 of the principal and interest of the curtain wall project of Building 7 and Building 9 in the first phase of Guiyang International Financial Center Business District. As of the date of this report, the arbitral tribunal has issued a judgment, stating that Tiancheng Investment Company shall pay a principal amount of RMB7,667,681.8 and corresponding interest to Fangda Jianke Co., Ltd. for the curtain wall engineering projects of Building 7 and Building 9. Due to the application for bankruptcy reorganization of the parent company of Zhongtian Urban Investment, Fangda Jianke has declared ordinary debt and obtained confirmation from the administrator, and is awaiting further distribution of debt.

⑤ In June 2023, Fangda Jianke filed a lawsuit with the People's Court of Shapingba District, Chongqing, demanding that Chongqing Longhu Jingnan Real Estate Development Co., Ltd. pay Fangda Jianke the principal amount of RMB9,754,668.59 and overdue interest for the Chongqing Longhu Shapingba project, and claim the priority right to receive compensation for the construction project price. As of the disclosure date of this report, both parties have reached a settlement and a mediation agreement has been issued by the court. Longhu Company has not fulfilled the mediation agreement, and Fangda Jianke is preparing an application for compulsory execution.

(3) Contingent liabilities formed by providing of guarantee to other companies' debts and their influences on financial situation

By December 31, 2023, the Company has provided loan guarantees for the following entities:

Name of guaranteed entity	Guarantee	Amount (RMB10,000)	Term	Remarks
Fangda Property	Guarantee and mortgage guarantee	66,000.00	2020/3/13-2030/03/12	
Fangda Jianke	Guarantee	4,000.00	2023/02/27-2024/02/27	
Fangda Jianke	Guarantee	5,000.00	2023/03/17-2024/03/17	
Fangda Jianke	Guarantee and mortgage guarantee	4,000.00	2023/05/22-2024/05/16	
Fangda Jianke	Guarantee	20,000.00	2023/08/04-2024/08/04	
Fangda Jianke	Guarantee	3,000.00	2023/08/23-2024/02/23	
Fangda Yunzhu	Guarantee	980.00	2022/05/18-2024/05/17	
Fangda Jianke	Guarantee	5,000.00	2023/05/26-2024/05/25	
Fangda Zhiyuan Technology	Guarantee	1,000.00	2023/09/20-2024/09/19	
Fangda Zhiyuan Technology	Guarantee	2,000.00	2023/10/16-2024/10/16	
Total		110,980.00		

Note 1: Contingent liabilities caused by guarantees provided for other entities are all related guarantees between interested entities in the Company.

Notes 2: The Company's property business provides periodic mortgage guarantee for property purchasers. The term of the periodic guarantee lasts from the effectiveness of guarantee contracts to the completion of mortgage registration and transfer of housing ownership certificates to banks. As of December 31, 2023, the Company has undertaken the above phased guarantee amount of RMB10,657,900.

(4) Other contingent liabilities and their influences

As of December 31, 2023, the Company has no significant contingencies that need to be disclosed.

3. Others

Status of non-revocation of company as at December 31, 2023:

Currency	Guarantee balance (original currency)	Deposit (RMB)	Credit line used (RMB)
CNY	906,801,003.70	2,944,675.43	903,856,328.27
INR	78,069,149.78	46,099.32	6,601,176.51
HKD	15,349,982.00	15,000,000.00	
USD	5,115,637.53	1,455,170.95	34,777,354.99
SGD	9,634,430.00		51,420,879.80
AUD	400,000.00		1,939,360.00
EUR	4,074,964.01		32,025,957.14
Total		19,445,945.70	1,030,621,056.71

XVI. Post-balance-sheet Events

1. Profit distribution

Profit distribution plan	The Company held the 7th meeting of 10th of Board of Directors on March 29, 2024 to vote for the proposal of dividend distribution for year 2023. According to the resolution of the 7th meeting of the 10th Board of Directors, the Company plans to distribute cash dividends of RMB0.80 (including tax) per 10 shares to all shareholders based on the total capital stock of 1,073,874,227 shares on December 31, 2023, totaling RMB85,909,938.16. No dividend share or capitalization share was issued in the year.

2. Notes to other issues in post balance sheet period

The Company has no other issues in post balance sheet period that need to be disclosed on March 29, 2024 (report date approved by the Board of Directors).

XVII. Other material events

1. Segment information

(1) Recognition basis and accounting policy for segment report

The Group divides its businesses into five reporting segments. The reporting segments are determined based on financial information required by routine internal management. The Group's management regularly review the operating results of the reporting segments to determine resource distribution and evaluate their performance.

The reporting segments are:

① Curtain wall division: production and sales of curtain wall materials, design, production and installation of building curtain walls, curtain wall testing and maintenance services;

② Rail transit branch: assembly and processing of subway screen doors, screen door detection and maintenance services;

(3) Real estate segment: development and operating of real estate on land of which land use right is legally obtained by the Company; property management;

(4) New energy segment: photovoltaic power generation, photovoltaic power plant sales, photovoltaic equipment R & D, installation, and sales, and photovoltaic power plant engineering design and installation

(5) Others

The segment report information is disclosed based on the accounting policies and measurement standards used by the segments when reporting to the management. The policies and standards should be consistent with those used in preparing the financial statement.

(2) Financial information

In RMB

Item	Curtain wall	Rail transport	Real estate	New energy	Others	Offset between segments	Total
Turnover	3,482,103,053.34	558,421,443.33	230,104,601.37	20,200,575.78	24,683,056.18	23,308,013.99	4,292,204,716.01
Including: external transaction income	3,477,209,982.02	558,421,443.33	222,262,890.97	19,389,107.63	14,921,292.06		4,292,204,716.01
Inter-segment transaction income	4,893,071.32		7,841,710.40	811,468.15	9,761,764.12	23,308,013.99	
Including: major business turnover	3,449,053,410.55	557,935,244.31	96,383,443.14	20,200,575.78		5,238,520.40	4,118,334,153.38
Operating cost	2,937,547,138.00	408,821,592.38	55,778,641.55	8,139,275.89	26,289.08	5,670,463.57	3,404,642,473.33
Including: major business cost	2,923,493,207.68	408,821,592.38	47,178,723.70	8,139,275.89		5,670,463.57	3,381,962,336.08
Operation cost	356,505,631.40	66,897,059.47	110,258,413.71	386,336.58	25,596,591.89	-11,404,630.20	571,048,663.25
Operating profit/(loss)	188,050,283.94	82,702,791.48	64,067,546.11	11,674,963.31	-939,824.79	29,042,180.62	316,513,579.43
Total assets	6,917,532,966.35	920,333,612.87	6,195,269,979.20	148,509,100.60	3,754,244,988.00	4,559,538,790.16	13,376,351,856.86

Total liabilities	4,845,270,214.47	498,678,951.55	3,404,409,304.62	24,086,072.74	1,464,598,412.21	2,895,486,937.00	7,341,556,018.59

(3) Others

Regional information on operating revenues:

Item	2023	2022
In China	3,886,216,878.96	3,563,436,690.09
Out of China	405,987,837.05	283,539,258.35
Total	4,292,204,716.01	3,846,975,948.44

XVIII. Notes to Financial Statements of the Parent

1. Account receivable

(1) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	416,495.45	321,399.65
2-3 years		359,129.89
Over 3 years	359,129.89	
3-4 years	359,129.89	
Total	775,625.34	680,529.54

(2) Disclosure by bad debt accrual method

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Account receivable for which bad debt provision is made by group	775,625.34	100.00%	92,032.81	11.87%	683,592.53	680,529.54	100.00%	32,584.96	4.79%	647,944.58
Including:										
Portfolio 3. Others	775,625.34	100.00%	92,032.81	11.87%	683,592.53	680,529.54	100.00%	32,584.96	4.79%	647,944.58
Total	775,625.	100.00%	92,032.8	11.87%	683,592.	680,529.	100.00%	32,584.9	4.79%	647,944.

	34		1		53	54		6		58

Provision for bad debts by combination:

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 3. Others	775,625.34	92,032.81	11.87%

Group recognition basis:

See 10. Financial Tools in Chapter X, V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

If the provision for bad debts on accounts receivable is being made based on the expected credit loss general model:

□ Applicable ☑ Inapplicable

(3) Bad debt provision made, returned or recovered in the period

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Portfolio 3. Others	32,584.96	59,447.85				92,032.81
Total	32,584.96	59,447.85				92,032.81

(5) Accounts receivable and contract assets with the top-5 ending balances, grouped by party owed

In RMB

Entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total ending balance of accounts receivable and contract assets	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
Top five summary	763,431.68			98.43%	91,943.79
Total	763,431.68			98.43%	91,943.79

2. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	1,684,718,397.92	1,046,500,428.02
Total	1,684,718,397.92	1,046,500,428.02

(1) Other receivables

1) Other receivables are disclosed by nature

In RMB

By nature	Closing balance of book value	Opening balance of book value
Deposit	80,000.00	150,699.54
Debt by Luo Huichi		11,242,291.48
Others	57,199.41	396,561.98
Accounts between related parties within the scope of consolidation	1,684,583,242.78	1,046,003,558.83
Total	1,684,720,442.19	1,057,793,111.83

(2) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	692,784,064.86	97,579,475.19
1-2 years	92,578,310.00	697,897,404.79
2-3 years	694,397,404.79	250,960,363.83
Over 3 years	204,960,662.54	11,355,868.02
3-4 years	204,960,662.54	
Over 5 years		11,355,868.02
Total	1,684,720,442.19	1,057,793,111.83

(3) Disclosure by bad debt accrual method

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Separate bad debt provision						11,285,168.48	1.07%	11,285,168.48	100.00%	0.00
Including:										
Luo Huichi						11,242,291.48	1.06%	11,242,291.48	100.00%	0.00
Shenyang Fangda						42,877.00	0.00%	42,877.00	100.00%	0.00
Provision for bad debts by combination	1,684,720,442.19	100.00%	2,044.27	0.00%	1,684,718,397.92	1,046,507,943.35	98.93%	7,515.33	0.00%	1,046,500,428.02
Including:										
Portfolio 1: First stage	137,199.41	0.01%	2,044.27	1.49%	135,155.14	504,384.52	0.05%	7,515.33	1.49%	496,869.19
Portfolio	1,684,58	99.99%	0.00	0.00%	1,684,58	1,046,00	98.89%	0.00	0.00%	1,046,00

4: related party funds within the scope of consolidation	3,242.78				3,242.78	3,558.83				3,558.83
Total	1,684,720,442.19	100.00%	2,044.27	0.00%	1,684,718,397.92	1,057,793,111.83	100.00%	11,292,683.81	1.07%	1,046,500,428.02

Provision for bad debts by combination:

Portfolio 1: First stage

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 1: First stage	137,199.41	2,044.27	1.49%
Total	137,199.41	2,044.27	

Description of the basis for determining the portfolio: Provision for bad debts is made on the basis of the general model of expected credit losses.

Provision for bad debts by portfolio: Portfolio 4: Amounts from related parties within the scope of consolidation

In RMB

Company Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 4: related party funds within the scope of consolidation	1,684,583,242.78	0.00	0.00%
Total	1,684,583,242.78	0.00	

A description of the basis for determining this combination is provided in Section X, V. Significant Accounting Policies and Accounting Estimates in 10, Financial Instruments.

Provision for bad debts based on general model of expected credit losses

In RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2023	7,515.33	0.00	11,285,168.48	11,292,683.81
Balance on January 1, 2023 in the current period				
-- transferred to the second stage	0.00	0.00	0.00	0.00
-- transferred to the third stage	0.00	0.00	0.00	0.00
-- transferred back to second stage	0.00	0.00	0.00	0.00
-- transferred back to first stage	0.00	0.00	0.00	0.00
Provision	0.00	0.00	0.00	0.00
Transferred back in the current period	5,471.06	0.00	414,876.00	420,347.06

Written off in the current period	0.00	0.00	0.00	0.00
Canceled in the current period	0.00	0.00	10,992,291.48	10,992,291.48
Other change	0.00	0.00	121,999.00	121,999.00
Balance on December 31, 2023	2,044.27	0.00	0.00	2,044.27

Changes in book balances with significant changes in the current period

☑ Applicable □ Inapplicable

(See 5 below for details) Other receivables actually written off during the period.

4) Bad debt provision made, returned or recovered in the period

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Write-off	Others	
Other receivables and bad debt provision	11,292,683.81		420,347.06	10,992,291.48	121,999.00	2,044.27
Total	11,292,683.81		420,347.06	10,992,291.48	121,999.00	2,044.27

5) Other receivable written off in the current period

In RMB

Item	Amount
Other receivable written off	10,992,291.48

Including significant other receivable:

In RMB

Entity	Nature	Amount	Reason	Writing-off procedure	Related transaction
Luo Huichi	Debt by Luo Huichi	10,992,291.48	Impossible enforcement of property, with minimal possibility of subsequent recovery	Approved by the senior management	No
Total		10,992,291.48			

6) Balance of top 5 other receivables at the end of the period

In RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Shenzhen Fangda Property Development Co., Ltd.	Related party funds within the scope of consolidation	675,039,980.00	Less than 1 year	86.66%	0.00
		72,577,980.00	1-2 years		
		538,000,000.00	2-3 years		

		174,420,869.45	3-4 years		
Fangda (Jiangxi) Property Development Co., Ltd.	Related party funds within the scope of consolidation	17,500,000.00	Less than 1 year	11.51%	0.00
		20,000,000.00	1-2 years		
		156,397,404.79	2-3 years		
Shihui International Holding Co., Ltd.	Related party funds within the scope of consolidation	30,459,793.09	3-4 years	1.81%	0.00
Fangda Zhichuang Technology Co., Ltd.	Related party funds within the scope of consolidation	149,721.00	Less than 1 year	0.01%	0.00
Shenzhen Hotel Venezia Indigo	Deposit	80,000.00	3-4 years	0.00%	1,192.00
Total		1,684,625,748.33		99.99%	1,192.00

3. Long-term share equity investment

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Investment in subsidiaries	1,526,831,253.00		1,526,831,253.00	1,457,331,253.00		1,457,331,253.00
Total	1,526,831,253.00		1,526,831,253.00	1,457,331,253.00		1,457,331,253.00

(1) Investment in subsidiaries

In RMB

Invested entity	Opening book value	Beginning balance of impairment provisions	Change (+,-)				Closing book value	Balance of impairment provision at the end of the period
			Increased investment	Decreased investment	Impairment provision	Others		
Fangda Jianke	751,950,000.00						751,950,000.00	
Fangda Jiangxi New Material	74,496,600.00						74,496,600.00	
Fangda Property	198,000,000.00						198,000,000.00	
Shihui International	61,653.00						61,653.00	
Fangda New Energy	99,000,000.00						99,000,000.00	
Fangda Hongjun Investment	98,000,000.00						98,000,000.00	

Fangda Investment	235,323,000.00						235,323,000.00	
Fangda Intelligent Manufacturing	500,000.00		69,500,000.00				70,000,000.00	
Total	1,457,331,253.00		69,500,000.00				1,526,831,253.00	

4. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Other businesses	24,692,199.04	26,289.08	28,268,463.91	207,701.70
Total	24,692,199.04	26,289.08	28,268,463.91	207,701.70

Breakdown of operating revenues and operating costs:

In RMB

Contract classification	Division 1		Total	
	Turnover	Operating cost	Turnover	Operating cost
Business type				
Including: Other businesses	24,692,199.04	26,289.08	24,692,199.04	26,289.08
Total	24,692,199.04	26,289.08	24,692,199.04	26,289.08

The amount of revenue corresponding to the performance obligations that have been signed, but not yet performed or not yet performed at the end of the reporting period is RMB31,977,992.02, of which RMB11,433,716.66 is expected to be recognized in 2024, and RMB6,935,758.83 is expected to be recognized in 2025, RMB13,608,516.53 is expected to be recognized in 2026 and beyond.

5. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Investment income from disposal of trading financial assets		566,025.88
Total		566,025.88

XIX. Supplementary Materials

1. Detailed accidental gain/loss

☑ Applicable □ Inapplicable

In RMB

Item	Amount	Notes
Gain/loss of non-current assets	381,572.12	
Government grants recognized in the current period's profit or loss (except for government grants that are closely related to the Company's normal business operations, in line with	8,781,578.52	

national policies and in accordance with defined criteria, and have a continuous impact on the Company's profit or loss)		
Gains and losses from changes in the fair value of financial assets and liabilities held by non-financial corporations and gains and losses from the disposal of financial assets and liabilities, except for effective hedging operations related to the Company's normal business operations	509,477.49	
Capital using expense charged to non-financial enterprises and accounted into the current income account	3,790,999.98	
Write-back of impairment provision of receivables for which impairment test is performed individually	13,228,201.06	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	-28,482,701.26	
Other non-business income and expenditures other than the above	1,262,814.78	
Less: Influenced amount of income tax	-1,262,507.89	
Influenced amount of minority shareholders' equity (after-tax)	114,273.95	
Total	620,176.63	--

Other gain/loss items satisfying the definition of non-recurring gain/loss account:

□ Applicable ☑ Inapplicable

The Company has no other gain/loss items satisfying the definition of non-recurring gain/loss account

Circumstance that should be defined as recurrent profit and loss to Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss

□ Applicable ☑ Inapplicable

2. Net income on asset ratio and earning per share

Profit of the report period	Weighted average net income/asset ratio	Earning per share	
		Basic earnings per share (yuan/share)	Diluted Earnings per share (yuan/share)
Net profit attributable to common shareholders of the Company	4.67%	0.25	0.25
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	4.66%	0.25	0.25

3. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profits and assets in financial statements disclosed according to the international and Chinese account standards

□ Applicable ☑ Inapplicable

(2) Differences in net profits and assets in financial statements disclosed according to the international and Chinese account standards

□ Applicable ☑ Inapplicable

(3) Differences in financial data using domestic and foreign accounting standards, the overseas institution name should be specified if the difference in data audited by an overseas auditor is adjusted

No

China Fangda Group Co., Ltd.

Legal representative: Xiong Jianming

April 2, 2024